2023

ABRIDGED ANNUAL REPORT UNIT TRUSTS

50 YEARS | Allan Gray SINCE 1973

Contents

CHAIRMAN'S REPORT

Edgar Loxton

Allan Gray celebrated its 50th anniversary in 2023. This afforded us the opportunity to reflect on our successes and mistakes of the last five decades, and our values, which we still uphold today. While it is a milestone that we are very proud to have achieved, it is thanks to your trust and support that we are in a position to look ahead to the next 50.

Of course, it would be remiss of us to mark this occasion without paying tribute to the person whose extraordinary vision made it all possible: our founder, Allan W B Gray.

Allan started the business aiming to deliver superior long-term investment returns and client service and offer value for money. He believed the best way to achieve superior returns was to buy shares that are undervalued and sell them when they have reached their worth, regardless of popular opinion.

It is this idea that forms the foundation of our investment philosophy. Although many things have changed over the last 50 years, the one thing that never will is our commitment to putting you, our clients, first. Our philosophy enables us to put that commitment into practice, without the hindrance of bias or emotion.

This approach served our clients well over the course of the year, as our chief investment officer, Duncan Artus, touches on in his report on page 3.

The investment context

2023 was another eventful year globally. It has become an overused statement that uncertainty remains high, but unfortunately, it remains true. In fact, uncertainty seems to have intensified over the last few years.

In the global geopolitical context, while the Russia-Ukraine war continued to wreak devastation, the third quarter of the year saw conflict erupt in the Middle East. Our thoughts are with all of those who have been affected.

Against this backdrop, global inflation tapered following interest rate hikes by most central banks. Locally, the inflation rate seems to have simmered down somewhat, although the path from here is not too clear and risks remain.

One of the risks that those of us who are residents in South Africa are all too aware of is that of inconsistent power supply. We saw record levels of loadshedding in 2023, with crippling effects for households, businesses and our economy overall – loadshedding is estimated to have subtracted 1.8% from real GDP growth over the year. It will be interesting to see how this and other factors will impact the outcome of the upcoming elections.

In this type of environment, it is natural for us to cling to any promise of hope for the future – and that is exactly what many of us did during the Springboks' Rugby World Cup campaign. To paraphrase the late President Nelson Mandela, it is quite remarkable how sport has the power to unite us in a way that little else can.

Below I provide some operational updates from 2023 as well as a summary of the unitholders in our funds.

Operational changes

We regularly review our business processes and look for ways to enhance security and improve efficiency. With this in mind, we made the following changes in 2023:

- **Earlier payment date for regular withdrawals**

  In February 2023, we implemented an earlier payment date for scheduled regular withdrawals from unit trust accounts. These payments are now made two business days earlier, on the 25th of each month. If the 25th falls on a weekend or public holiday, we will continue to make payment the business day before.

- **Phasing out forms and encouraging secure online transacting**

  In line with the initiative that we started in 2022 to increase efficiency and security, we continue to encourage you to transact via Allan Gray Online (AGO). We have therefore phased out some additional forms for transactions that can be submitted online. AGO offers a secure digital platform where you can transact, view and download important investment information such as statements and tax certificates, and keep your personal details updated. If you do not yet have an AGO account, please register by clicking on the "Log in" button on our website, www.allangray.co.za, and downloading the online registration form.

- **Removing our bank details from our forms and website**

  In September 2023, we implemented the recommendation by the Financial Intelligence Centre's public compliance communication No. 31A (PCC 31A), which states that institutions should not make their bank details public to mitigate against money laundering and terrorist financing risks. We have therefore removed our bank details from all new investment application forms, additional contribution forms and our public website.

  We encourage you to opt for electronic collection by Allan Gray when contributing towards your investment, as this reduces the risk of fraudulent activity associated with email interception where our bank details can be tampered with. If you decide to contribute via electronic funds transfer (EFT), use our pre-approved beneficiaries, currently available via most banks. This will ensure that your payment is made to trusted accounts and reduce the risk of error.

Safeguard your investments

It is important to remain vigilant in a world where reported instances of fraud and investment scams are on the rise.

Remember to protect your investments and personal information from malicious activity and be wary of investment offers that seem too good to be true. Double check the spelling of email addresses, never click on a link provided by an unknown or unreliable source and refrain from sharing your personal information.

Update on unitholders

Assets under management as at 31 December 2023 were R372.3bn. This is an increase from the R335.1bn that we reported at the end of 2022. There were net outflows of R8.8bn in 2023.

Gross client outflows divided by the average value of assets in our unit trusts in 2023 were at 12%. This means that, on average, clients are staying with Allan Gray for eight years. Our individual fund churn rate*, which includes switches between unit trusts**, has come in at 15% for the year, reflecting a weighted average fund holding period for investors of seven years.

We are encouraged by these results. Staying invested over the long term is necessary to reap the benefits of our investment philosophy and approach. We do not take our responsibility of being a steward of your hard-earned savings lightly and we would like to thank you for your continued support.

*In a unit trust, the churn rate represents how often clients have bought and sold their holdings in the fund over a specific period. It is a measure of the turnover or attrition rate.

**This excludes switches between classes of the same unit trust and excludes switches from the Money Market Fund.

Duncan Artus

Allan Gray celebrated its 50th anniversary during 2023. We are proud of our long-term track record, having managed our clients' assets and the firm through many geopolitical, financial and performance cycles. We are grateful for our clients' support, especially during the inevitable cycles of underperformance. You cannot be a fund manager without funds. Over the years, we have learned the importance of communication that is informative, transparent and interesting, that helps clients stay the course.

I mentioned in my 2022 commentary that exchange controls for South African investors had been further relaxed, with the maximum allowable amount to be invested offshore increasing to 45% – a positive long-term outcome for local investors. I also noted that, together with our sister company, Orbis, we could offer a compelling investment proposition to take advantage of the increased opportunities and risks. The Investment team in Cape Town is now managing a portion of the offshore component. I believe this process is working well and will add value to client portfolios over time.

The South African equity market, represented by the FTSE/JSE All Share Index (ALSI), returned 9.3% in 2023, outperforming money markets at 8.1%[1] and inflation of 5.1%. The FTSE/JSE Capped SWIX All Share Index, which many funds use as a more representative equity benchmark, returned 7.9%. The ALSI is trading at similar levels relative to the MSCI World Index as it did at the COVID-19 lows. The FTSE/JSE All Bond Index returned 9.7% after an end-of-year rally. Internationally, the MSCI World Index returned 23.9%[2] and the J.P. Morgan Global Government Bond Index returned 4.0%, respectively, in US dollars. The World Index is close to all-time highs. The rand weakened 7.0% against the US dollar, which is itself well off its 2022 highs.

Market movers

Markets continued to be moved by interest rates – and therefore central banks and inflation. Every remark is being scrutinised for clues that we have reached the peak in rates. This can feel frustrating for bottom-up investors, but it is the world in which we find ourselves. It was always going to be a complex task to extract the global economy and asset prices from the huge expansion in central bank balance sheets.

Equity returns were dominated by the large US technology shares, which had sold off significantly in 2022. Returns from these shares seem to have inflected from an oversold position and were boosted by the significant public awareness generated by the success and adoption of ChatGPT. The potential expansion in the uses of artificial intelligence (AI) was confirmed by a massive increase in forecast revenue by US technology company Nvidia, whose chips are used to power AI. Nvidia added more than US$800bn to its market cap during the year. The other potential breakthrough that could have large implications for the future of many industries is the development of obesity drugs by pharmaceutical companies Novo Nordisk and Eli Lilly. Novo Nordisk is now the most valuable company in Europe, having taken the crown from the French luxury goods conglomerate, LVMH.

Locally, the high cost of capital, underpinned by our high government bond yields in combination with our low growth, continues to compress valuations for domestically focused businesses. That is simply the maths. I believe that for local equities to rally, we need one of these, or ideally both, variables to change, which needs sustained foreign buying of our bonds. And for that to happen, we need to make structural changes that improve long-term economic growth. This will be complicated in the short term given that 2024 is an election year – not only in South Africa, but globally. According to Deutsche Bank, 2024 will be the year when the most people will vote in recorded history. Heightened geopolitical and social tensions globally are things to keep in mind when constructing a portfolio.

Performance

Relative performance in 2023 was satisfactory across most of our unit trusts. Performance was particularly strong during the third quarter sell-off, with market conditions suiting our positioning. A portion of this outperformance was retraced in the last quarter, as global equities and long bonds rallied.

Over the last 12 months, the Balanced Fund returned 13.0%, underperforming its benchmark by 0.3%. The Stable Fund returned 11.2%, outperforming its absolute benchmark by 1.9% and in line with its peer group. The Equity Fund returned 13.9%, outperforming its benchmark by 7.4%.

The Orbis Global Equity Fund returned 20.4% in US dollars for the year, underperforming the MSCI World Index[2] by 3.5%. The Orbis SICAV Global Balanced Fund returned 14.2%, underperforming its 60/40 benchmark by 1.4%.

Positioning

While we are bottom-up investors, we want to be on the right side of long-term secular trends, as I highlighted in my 2022 note. Our broad positioning remains similar to that of the last two years: We are better positioned for a world characterised by higher inflation and therefore higher interest rates. We have thought about how to invest in an increasingly divided world. We are open to changing our minds if provided with sufficient evidence to do so.

Conclusions

The world appears to be entering a period in history where risk is heightened across the board. A lot of things could go wrong. The Investment team continues to apply the same philosophy we have for the last 50 years in managing your hard-earned savings. We tweak and improve our investment process incrementally, which eventually compounds into an endurable competitive advantage.

With worrying headlines dominating the news flow, it is hard not to panic and make rash decisions driven by emotion. As always, I encourage you to focus on your long-term financial plans and goals, rather than reacting to short-term events. On behalf of the Investment team, I thank you for the trust you have placed in us.

1. The Alexander Forbes Short Term Fixed Interest (STeFI) Composite Index.
2. MSCI World Index, including income, net of withholding taxes.

PORTFOLIO MANAGERS

Duncan Artus

Chief investment officer

BBusSc (Hons), PGDA, CFA, CMT

Duncan was appointed chief investment officer in 2020. He joined Allan Gray in 2001 and was appointed as a portfolio manager in 2005. He manages a portion of the equity, balanced and stable portfolios. He is also a director of Allan Gray Group Proprietary Limited and Allan Gray Proprietary Limited. Duncan holds an Honours degree in Business Science and a Postgraduate Diploma in Accounting from the University of Cape Town and is a CFA® and CMT® charterholder.

Tim Acker

Portfolio manager

MAcc, CA, CFA

Tim joined Allan Gray as an equity analyst in 2013 after working in academia and completing his articles. He was appointed as a portfolio manager in 2020 and manages a portion of the equity, balanced and stable portfolios. Tim holds a Master of Accounting degree, specialising in Taxation, from Stellenbosch University. He is a qualified Chartered Accountant and a CFA® charterholder.

Thalia Petousis

Portfolio manager

MCom, CFA

Thalia joined Allan Gray as a fixed interest trader in 2015. She was appointed as a portfolio manager in 2019 and currently manages the money market portfolio, the bond portfolio, as well as portions of the balanced fixed interest and the Africa fixed interest portfolios. Thalia holds a Master of Commerce degree in Mathematical Statistics from the University of Cape Town and is a CFA® charterholder.

PORTFOLIO MANAGERS

Rory Kutisker-Jacobson

Portfolio manager

BBusSc, CFA

Rory joined Allan Gray as an equity analyst in 2008. He was appointed as a portfolio manager in 2017 and manages a portion of the equity, balanced, frontier markets equity and African equity portfolios. He holds a Bachelor of Business Science degree in Economics and Finance from the University of Cape Town and is a CFA® charterholder.

Sean Munsie

Portfolio manager

BCom (Hons), CA, CFA

Sean joined Allan Gray as an equity analyst in 2013 after working for various investment banks in the United Kingdom. He was appointed as a portfolio manager in 2020 and manages a portion of the stable portfolios. He is also the manager of the optimal portfolios. Sean holds a Bachelor of Commerce (Honours) degree in Accounting from Stellenbosch University. He is a qualified Chartered Accountant and a CFA® charterholder.

Jacques Plaut

Portfolio manager

BSc

Jacques joined Allan Gray as an equity analyst in 2008 after working as a management consultant. He began managing a portion of the equity and balanced portfolios earmarked for associate portfolio managers in 2013 and was appointed as a portfolio manager in 2015. Jacques holds a Bachelor of Science degree in Mathematics from the University of Cape Town.

Fund	Fund objective (specific benchmarks are shown on the fund data pages that follow)	Local/Offshore
100% HIGH NET EQUITY EXPOSURE		
Allan Gray Equity Fund	The Fund aims to create long-term wealth for investors. It aims to outperform the average return of South African General Equity Funds over the long term, without taking on greater risk. To pursue its objective, the Fund's portfolio may differ materially from those of its peers. This will result in the Fund underperforming its benchmark materially at times. The Fund aims to compensate for these periods of underperformance by delivering outperformance over the long term.	Local
Allan Gray SA Equity Fund	The Fund aims to create long-term wealth for investors. It aims to outperform the South African equity market over the long term, without taking on greater risk. To pursue its objective, the Fund's portfolio may differ materially from its benchmark. This will result in the Fund underperforming its benchmark materially at times. The Fund aims to compensate for these periods of underperformance by delivering outperformance over the long term.	Local
Allan Gray-Orbis Global Equity Feeder Fund	The Fund aims to outperform global stock markets over the long term, without taking on greater risk.	Offshore

Fund description	Suitable for investors who:	ASISA category
The Fund invests primarily in shares listed on the Johannesburg Stock Exchange (JSE). The Fund can invest a maximum of 45% offshore. The Fund invests the bulk of its foreign allowance in equity funds managed by Orbis Investment Management Limited, our offshore investment partner. The Fund is typically fully invested in shares. Returns are likely to be volatile, especially over short- and medium-term periods.	▪ Seek exposure to listed equities to provide long-term capital growth ▪ Are comfortable with stock market fluctuation, i.e. short- to medium-term volatility ▪ Are prepared to accept the risk of capital loss ▪ Typically have an investment horizon of more than five years ▪ Wish to use the Fund as an equity "building block" in a diversified multi-asset class portfolio	South African - Equity - General
The Fund invests in shares listed on the Johannesburg Stock Exchange (JSE). The Fund is typically fully invested in shares. Returns are likely to be volatile, especially over short- and medium-term periods.	▪ Seek exposure to JSE-listed equities to provide long-term capital growth ▪ Are comfortable with stock market fluctuation, i.e. short- to medium-term volatility ▪ Are prepared to accept the risk of capital loss ▪ Typically have an investment horizon of more than five years ▪ Wish to use the Fund as an equity "building block" in a diversified multi-asset class portfolio	South African - Equity - General
The Fund is a feeder fund and invests only in the Orbis Global Equity Fund, managed by Allan Gray's offshore investment partner, Orbis Investment Management Limited. The Orbis Global Equity Fund is designed to be exposed to all of the risks and rewards of selected global shares. Returns are likely to be volatile, especially over short- and medium-term periods. Although the Fund's investment universe is global, the units in the Fund are priced and traded daily in rands.	▪ Seek exposure to diversified international equities to provide long-term capital growth ▪ Wish to invest in international assets without having to personally expatriate rands ▪ Are comfortable with global stock market and currency fluctuation and risk of capital loss ▪ Typically have an investment horizon of more than five years ▪ Wish to use the Fund as a global equity "building block" in a diversified multi-asset class portfolio	Global - Equity - General

Fund	Fund objective (specific benchmarks are shown on the fund data pages that follow)	Local/Offshore
40% – 75% MEDIUM NET EQUITY EXPOSURE		
Allan Gray Balanced Fund	The Fund aims to create long-term wealth for investors within the constraints governing retirement funds. It aims to outperform the average return of similar funds without assuming any more risk.	Local
Allan Gray Tax-Free Balanced Fund	The Fund aims to create long-term wealth for investors within the constraints governing retirement funds. It aims to outperform the average return of similar funds without assuming any more risk.	Local
Allan Gray-Orbis Global Balanced Feeder Fund	The Fund aims to create long-term wealth for investors and to outperform its designated combined equity and bond performance benchmark.	Offshore
0% – 40% LOW NET EQUITY EXPOSURE		
Allan Gray Stable Fund	The Fund aims to provide a high degree of capital stability and to minimise the risk of loss over any two-year period, while producing long-term returns that are superior to bank deposits.	Local

Fund description	Suitable for investors who:	ASISA category
The Fund invests in a mix of shares, bonds, property, commodities and cash. The Fund can invest a maximum of 45% offshore. The Fund typically invests the bulk of its foreign allowance in a mix of funds managed by Orbis Investment Management Limited, our offshore investment partner. The maximum net equity exposure of the Fund is 75% and we may use exchange-traded derivative contracts on stock market indices to reduce net equity exposure from time to time. The Fund is managed to comply with the investment limits governing retirement funds. Returns are likely to be less volatile than those of an equity-only fund.	▪ Seek steady long-term capital growth ▪ Are comfortable with taking on some risk of market fluctuation and potential capital loss, but typically less than that of an equity fund ▪ Wish to invest in a unit trust that complies with retirement fund investment limits ▪ Typically have an investment horizon of more than three years	South African - Multi Asset - High Equity
The Fund is managed in broadly the same way as the Allan Gray Balanced Fund. It was created specifically for use in tax-free accounts and can only be accessed through these products. The Fund invests in a mix of shares, bonds, property, commodities and cash. The Fund can invest a maximum of 45% offshore. The Fund typically invests the bulk of its foreign allowance in a mix of funds managed by Orbis Investment Management Limited, our offshore investment partner. The maximum net equity exposure of the Fund is 75% and we may use exchange-traded derivative contracts on stock market indices to reduce net equity exposure from time to time. The Fund is managed to comply with the investment limits governing retirement funds. Returns are likely to be less volatile than those of an equity-only fund.	▪ Seek steady long-term capital growth ▪ Are comfortable with taking on some risk of market fluctuation and potential capital loss, but typically less than that of an equity fund ▪ Wish to invest in a tax-free investment account ▪ Typically have an investment horizon of at least three years	South African - Multi Asset - High Equity
The Fund is a feeder fund and invests only in the Orbis SICAV Global Balanced Fund ("Orbis Global Balanced"), managed by Allan Gray's offshore investment partner, Orbis Investment Management Limited. Orbis Global Balanced invests in a diversified global portfolio of equities, fixed income, and commodity-linked instruments. The typical net equity exposure of Orbis Global Balanced is between 40% and 75%. Orbis Global Balanced aims to balance investment returns and risk of loss. Returns are likely to be less volatile than those of a global equity-only fund. Although Orbis Global Balanced's investment universe is global, the units of the Fund are priced and traded daily in rands.	▪ Seek to balance investment returns and risk of loss by investing in a diversified global multi-asset class portfolio ▪ Wish to invest in international assets without having to personally expatriate rands ▪ Are comfortable that the investment approach is likely to result in volatility and potential capital loss, but typically less volatility than that of a global equity-only fund ▪ Typically have an investment horizon of at least three to five years	Global - Multi Asset - High Equity
The Fund invests in a mix of shares, bonds, property, commodities and cash. The Fund can invest a maximum of 45% offshore. The Fund typically invests the bulk of its foreign allowance in a mix of funds managed by Orbis Investment Management Limited, our offshore investment partner. The maximum net equity exposure of the Fund is 40%. The Fund's net equity exposure may be reduced from time to time using exchange-traded derivative contracts on stock market indices. The Fund is managed to comply with the investment limits governing retirement funds. Returns are likely to be less volatile than those of an equity-only fund or a balanced fund.	▪ Are risk-averse and require a high degree of capital stability ▪ Seek both above-inflation returns over the long term, and capital preservation over any two-year period ▪ Require some income but also some capital growth ▪ Wish to invest in a unit trust that complies with retirement fund investment limits	South African - Multi Asset - Low Equity

Fund	Fund objective (specific benchmarks are shown on the fund data pages that follow)	Local/Offshore
0% – 20% VERY LOW NET EQUITY EXPOSURE		
Allan Gray Optimal Fund	The Fund aims to provide investors with long-term positive returns higher than those available in the money market sector, irrespective of stock market returns.	Local
Allan Gray-Orbis Global Optimal Fund of Funds	The Fund aims to provide a high degree of capital stability (when measured in the foreign currency denominations of the underlying Orbis funds), while producing long-term returns that are superior to foreign currency bank deposits.	Offshore
NO EQUITY EXPOSURE		
Allan Gray Bond Fund	The Fund's goal is to deliver returns that exceed inflation and cash over the long term, without taking on undue risk.	Local
Allan Gray Money Market Fund	The Fund aims to preserve capital, maintain liquidity and generate a sound level of income.	Local

Fund description	Suitable for investors who:	ASISA category
The Fund invests mainly in selected shares and it uses exchange-traded derivative contracts on stock market indices to substantially reduce its net equity exposure to within a range of 0-20%. As a result, the Fund's return depends on the level of short-term interest rates (implicit in the pricing of the sold futures contracts) and the performance of the Fund's selected shares relative to the stock market index. The Fund's return is therefore unlikely to be correlated with equity market returns. In addition, a portion of the Fund is typically invested in cash and margin deposits.	▪ Seek absolute (i.e. positive) returns regardless of stock market trends ▪ Require a high degree of capital stability over a three-year time horizon ▪ Wish to invest in a product that offers uncorrelated returns relative to shares or bonds as a "building block" in a diversified multi-asset class portfolio	South African - Multi Asset - Low Equity
The Fund invests in a mix of absolute return funds managed by our offshore investment partner, Orbis Investment Management Limited. The typical net equity exposure of the Fund is between 0% and 20%. The Orbis Optimal SA funds included in the Fund use exchange-traded derivative contracts on stock market indices to reduce net equity exposure. In these funds, the market exposure of equity portfolios is effectively replaced with cash-like exposure, plus or minus Orbis' skills in delivering returns above or below the market. Returns are likely to be less volatile than those of a foreign equity or balanced fund. Although the Fund's investment universe is global, the units in the Fund are priced and traded daily in rands. When considered in rands, returns of this foreign fund are likely to be more volatile than domestic funds with similar equity constraints.	▪ Seek steady absolute returns ahead of those of cash measured in global currencies ▪ Wish to invest in international assets without having to personally expatriate rands ▪ Are comfortable with taking on the risk of currency fluctuation, but prefer little exposure to stock market risk ▪ Wish to use the Fund as a foreign absolute return "building block" in a diversified multi-asset class portfolio	Global - Multi Asset - Low Equity
The Fund invests in South African interest bearing securities. Securities include national government, parastatal, municipal, corporate bonds and money market instruments. The Fund price is sensitive to interest rate movements because of the long-term nature of the Fund's investments. The duration of the Fund may differ materially from the benchmark. The Fund is managed to comply with investment limits governing retirement funds.	▪ Seek a bond "building block" for a diversified multi-asset class portfolio ▪ Are looking for returns in excess of those provided by money market or cash investments ▪ Are prepared to accept more risk of capital depreciation than in a money market or cash investment	South African - Interest Bearing - Variable Term
The Fund invests in South African money market instruments with a term shorter than 13 months. These instruments can be issued by government, parastatals, corporates and banks. The Fund is managed to comply with regulations governing retirement funds. While capital losses are unlikely, they can occur if, for example, one of the issuers of an instrument held by the Fund defaults. In this event losses will be borne by the Fund and its investors.	▪ Require monthly income distributions ▪ Are highly risk-averse but seek returns higher than bank deposits ▪ Need a short-term investment account	South African - Interest Bearing - Money Market

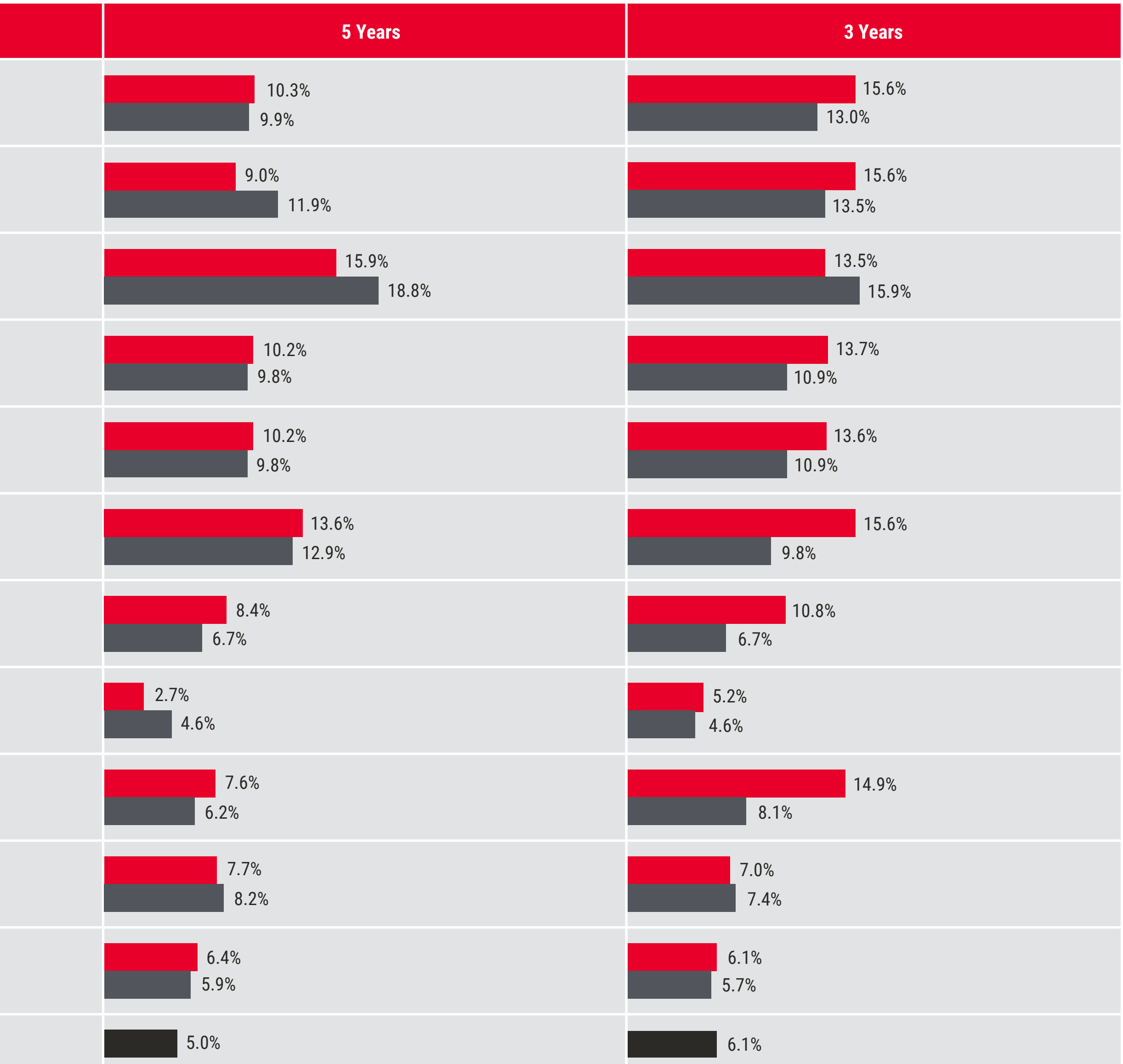
PERFORMANCE SUMMARY

Annualised performance to 31 December 2023 over 10, 5 and 3 years.
Fund performance is shown net of all management fees and expenses.

Fund	10 Years
Allan Gray Equity Fund[1]	8.5%
Benchmark[2]	6.8%
Allan Gray SA Equity Fund[1]	
Benchmark[3]	
Allan Gray-Orbis Global Equity Feeder Fund	12.2%
Benchmark[4]	15.2%
Allan Gray Balanced Fund[1]	8.6%
Benchmark[5]	7.3%
Allan Gray Tax-Free Balanced Fund[1]	
Benchmark[6]	
Allan Gray-Orbis Global Balanced Feeder Fund	10.7%
Benchmark[7]	11.6%
Allan Gray Stable Fund[1]	8.1%
Benchmark[8]	7.2%
Allan Gray Optimal Fund[1]	5.4%
Benchmark[9]	5.1%
Allan Gray-Orbis Global Optimal Fund of Funds	6.3%
Benchmark[10]	5.6%
Allan Gray Bond Fund[1]	8.2%
Benchmark[11]	8.0%
Allan Gray Money Market Fund[1]	6.8%
Benchmark[12]	6.4%
CPI inflation[13]	5.2%

The Funds' returns shown above are all class A. All benchmark performance is calculated by Allan Gray as at 31 December 2023.

1. Different classes of units apply to the Equity, SA Equity, Balanced, Tax-Free Balanced, Stable, Optimal, Bond and Money Market funds only and are subject to different fees and charges.
2. The market value-weighted average return of funds in the South African – Equity – General category (excluding the Allan Gray funds). Source: Morningstar, performance as calculated by Allan Gray as at 31 December 2023. From inception to 28 February 2015, the benchmark was the FTSE/JSE All Share index including income. Source: IRESS.
3. FTSE/JSE All Share Index including income (source: IRESS), performance as calculated by Allan Gray as at 31 December 2023.
4. MSCI World Index, including income, after withholding taxes (source: Bloomberg), performance as calculated by Allan Gray as at 31 December 2023. From inception to 15 May 2023, the benchmark was the FTSE World Index, including income.
5. The market value-weighted average return of funds in the South African – Multi Asset – High Equity category (excluding the Allan Gray funds). Source: Morningstar, performance as calculated by Allan Gray as at 31 December 2023. From inception to 31 January 2013, the benchmark was the market value-weighted average return of the funds in both the Domestic Asset Allocation Medium Equity and Domestic Asset Allocation Variable Equity sectors of the previous ASISA Fund Classification Standard, excluding the Allan Gray Balanced Fund. Source: Micropal.



6. The market value-weighted average return of funds in the South African – Multi Asset – High Equity category (excluding Allan Gray funds). Source: Morningstar, performance as calculated by Allan Gray as at 31 December 2023.

7. 60% of the MSCI World Index with net dividends reinvested and 40% of the J.P. Morgan Global Government Bond Index (source: Bloomberg), performance as calculated by Allan Gray as at 31 December 2023. From inception to 31 May 2021, the benchmark was 60% of the FTSE World Index including income and 40% of the J.P. Morgan Global Government Bond Index.

8. The daily interest rate, as supplied by FirstRand Bank, plus 2%, performance as calculated by Allan Gray as at 31 December 2023.

9. The daily interest rate as supplied by FirstRand Bank Limited (source: FirstRand Bank), performance as calculated by Allan Gray as at 31 December 2023.

10. The simple average of the benchmarks of the underlying funds, performance as calculated by Allan Gray as at 31 December 2023.

11. FTSE/JSE All Bond Index (source: IRESS), performance as calculated by Allan Gray as at 31 December 2023.

12. The Alexander Forbes Short Term Fixed Interest (STeFI) Composite Index. From inception to 31 March 2003, the benchmark was the Alexander Forbes 3-Month Deposit Index. From 1 April 2003 to 31 October 2011, the benchmark was the Domestic Fixed Interest Money Market Collective Investment Scheme sector excluding the Allan Gray Money Market Fund, performance as calculated by Allan Gray as at 31 December 2023.

13. This is based on the latest available numbers published by IRESS as at 30 November 2023.

ALLAN GRAY EQUITY FUND

Inception date: 1 October 1998

Portfolio managers

Duncan Artus, Jacques Plaut, Rory Kutisker-Jacobson, Tim Acker. (Foreign assets invested in Orbis funds are managed by Orbis Investment Management Limited.)

Fund objective and benchmark

The Fund aims to create long-term wealth for investors. It aims to outperform the average return of South African General Equity Funds over the long term, without taking on greater risk of loss. To pursue its objective the Fund's portfolio may differ materially from those of its peers. This will result in the Fund underperforming its benchmark materially at times. The Fund aims to compensate for these periods of underperformance by delivering outperformance over the long term. The Fund's benchmark is the market value-weighted average return of funds in the South African – Equity – General category (excluding Allan Gray funds).

Commentary

The Allan Gray Equity Fund had a good 2023. The Fund returned 14% in rands – well ahead of the peer group benchmark of 7%. Things look less impressive from an international perspective, as the Fund only returned 4% in US dollars. While this is still better than the Fund's peers, the MSCI World Index still fared better and was up 24% in dollars.

A year ago I wrote, "It seems like the tide has turned for government bonds, technology stocks and cryptocurrencies." I could not have been more mistaken. The yield on the US 30-year government bond is almost exactly where it started the year 2023, the Nasdaq is up 45% and trading at its all-time high, and the price of Bitcoin went up by 163% over the year. It's a good thing our approach to investing relies more on bottom-up fundamental analysis than on analysing market trends.

Very few of the market fears from a year ago have materialised. Despite the ongoing war in Ukraine and a new conflict in the Middle East, wheat and energy prices are lower than they were a year ago. The US saw some bank failures in March 2023, but the crisis blew over quickly. Aside from China, property prices in most of the world have not fallen as much as we would have expected given higher interest rates. And even when it comes to China, the sharp slowdown in new building has surprisingly not led to a lower price for iron ore.

Turning to South African stocks, there was no dominant theme – though it was a good idea to avoid platinum stocks. We largely managed this, with the exception of Sibanye-Stillwater, which was a detractor from performance. We often saw a big discrepancy in performance within sectors. For example:

- Gold Fields gave a total return of 63%, but AngloGold gave only 9%.
- Mondi gave 31%, but investors in Sappi lost 5%.
- Investec gave 25%, but investors in Absa lost 9%.
- Fortress A, Fortress B, Shaftesbury and Hammerson all gave a total return of more than 30%, but Growthpoint and MAS PLC were both down more than 10%.
- Shoprite gave a total return of 25%, but Pick n Pay did -57%.

We think the stocks in the portfolio show good value and will provide reasonable returns in a range of macroeconomic outcomes. By way of example, AB InBev, our largest stock, is trading at almost 22 times consensus earnings for 2023. This is not an eye-watering multiple for a well-run company that converts most of its earnings to cash, but if the share price stays where it is, the multiple should come down with strong earnings growth over the next two years.

For the 12 months to the end of December 2023, the contributors to performance were overweight positions in AB InBev and Mondi and underweight positions in platinum stocks and Anglo American. The detractors from performance were overweight positions in British American Tobacco and Sibanye-Stillwater.

Commentary contributed by Jacques Plaut

Performance net of all fees and expenses

% Returns	Fund	Benchmark[1]	CPI inflation[2]
Cumulative:			
Since inception (1 October 1998)	8373.5	2616.1	276.9
Annualised:			
Since inception (1 October 1998)	19.2	14.0	5.4
Latest 10 years	8.5	6.8	5.2
Latest 5 years	10.3	9.9	5.0
Latest 3 years	15.6	13.0	6.1
Latest 2 years	10.8	6.0	6.5
Latest 1 year	13.9	6.6	5.5
Risk measures (since inception)			
Maximum drawdown[3]	-37.0	-45.4	n/a
Percentage positive months[4]	65.7	59.1	n/a
Annualised monthly volatility[5]	15.3	16.6	n/a
Highest annual return[6]	125.8	73.0	n/a
Lowest annual return[6]	-24.3	-37.6	n/a

1. The market value-weighted average return of funds in the South African – Equity – General category (excluding Allan Gray funds). Source: Morningstar, performance as calculated by Allan Gray as at 31 December 2023. From inception to 28 February 2015 the benchmark was the FTSE/JSE All Share Index including income. Source: IRESS.
2. This is based on the latest available numbers published by IRESS as at 30 November 2023.
3. Maximum percentage decline over any period. The maximum drawdown occurred from 3 September 2018 to 23 March 2020 and maximum benchmark drawdown occurred from 22 May 2008 to 20 November 2008. Drawdown is calculated on the total return of the Fund/benchmark (i.e. including income).
4. The percentage of calendar months in which the Fund produced a positive monthly return since inception.
5. The standard deviation of the Fund's monthly return. This is a measure of how much an investment's return varies from its average over time.
6. These are the highest or lowest consecutive 12-month returns since inception. This is a measure of how much the Fund and the benchmark returns have varied per rolling 12-month period. The Fund's highest annual return occurred during the 12 months ended 30 September 1999 and the benchmark's occurred during the 12 months ended 30 April 2006. The Fund's lowest annual return occurred during the 12 months ended 31 March 2020 and the benchmark's occurred during the 12 months ended 28 February 2009. All rolling 12-month figures for the Fund and the benchmark are available from our Client Service Centre on request.

Sector allocation on 31 December 2023[7]

Sector	% of equities[8]	% of ALSI[9]
Financials	27.7	26.8
Consumer staples	17.2	10.9
Basic materials	14.8	26.2
Consumer discretionary	14.0	6.7
Industrials	10.5	5.3
Technology	5.5	12.2
Energy	4.3	1.2
Healthcare	2.1	2.0
Telecommunications	1.6	4.7
Utilities	1.3	0.0
Real estate	1.0	4.0
Total (%)	**100.0**	**100.0**

7. Underlying holdings of foreign funds are included on a look-through basis.
8. Includes listed property.
9. FTSE/JSE All Share Index.

Note: There may be slight discrepancies in the totals due to rounding.

Income distributions for the last 12 months

To the extent that income earned in the form of dividends and interest exceeds expenses in the Fund, the Fund will distribute any surplus biannually.	30 Jun 2023	31 Dec 2023
Cents per unit	**128.4571**	**366.6592**

Foreign exposure on 31 December 2023[7]

42.1% of the Fund is invested in foreign investments.

The Fund can invest a maximum of 45% offshore.

ALLAN GRAY SA EQUITY FUND

Inception date: 13 March 2015

Portfolio managers

Duncan Artus, Jacques Plaut,
Rory Kutisker-Jacobson, Tim Acker.

Fund objective and benchmark

The Fund aims to create long-term wealth for investors. It aims to outperform the South African equity market over the long term, without taking on greater risk. To pursue its objective the Fund's portfolio may differ materially from its benchmark. This will result in the Fund underperforming its benchmark materially at times. The Fund aims to compensate for these periods of underperformance by delivering outperformance over the long term. The Fund's benchmark is the FTSE/JSE All Share Index including income.

Commentary

The Allan Gray SA Equity Fund returned 9% in rands in 2023, in line with its benchmark*. Things look less impressive from an international perspective, as the Fund returned 0% in US dollars.

A year ago I wrote, "It seems like the tide has turned for government bonds, technology stocks and cryptocurrencies." I could not have been more mistaken. The yield on the US 30-year government bond is almost exactly where it started the year 2023, the Nasdaq is up 45% and trading at its all-time high, and the price of Bitcoin went up by 163% over the year. It's a good thing our approach to investing relies more on bottom-up fundamental analysis than on analysing market trends.

Very few of the market fears from a year ago have materialised. Despite the ongoing war in Ukraine and a new conflict in the Middle East, wheat and energy prices are lower than they were a year ago. The US saw some bank failures in March 2023, but the crisis blew over quickly. Aside from China, property prices in most of the world have not fallen as much as we would have expected given higher interest rates. And even when it comes to China, the sharp slowdown in new building has surprisingly not led to a lower price for iron ore.

Since these factors can have a material impact on South African stocks, we remain cognisant of the global environment when looking at the local opportunity set. Here, there was no dominant theme – though it was a good idea to avoid platinum stocks. We largely managed this, with the exception of Sibanye-Stillwater, which was a detractor from performance. We often saw a big discrepancy in performance within sectors. For example:

- Gold Fields gave a total return of 63%, but AngloGold gave only 9%.
- Mondi gave 31%, but investors in Sappi lost 5%.
- Investec gave 25%, but investors in Absa lost 9%.
- Fortress A, Fortress B, Shaftesbury and Hammerson all gave a total return of more than 30%, but Growthpoint and MAS PLC were both down more than 10%.
- Shoprite gave a total return of 25%, but Pick n Pay did -57%.

We think the stocks in the portfolio show good value and will provide reasonable returns in a range of macroeconomic outcomes. By way of example, AB InBev, our largest stock, is trading at almost 22 times consensus earnings for 2023. This is not an eye-watering multiple for a well-run company that converts most of its earnings to cash, but if the share price stays where it is, the multiple should come down with strong earnings growth over the next two years.

For the 12 months to the end of December 2023, the contributors to performance were overweight positions in AB InBev and Mondi and underweight positions in platinum stocks and Anglo American. The detractors from performance were overweight positions in British American Tobacco and Sibanye-Stillwater.

Commentary contributed by Jacques Plaut

*FTSE/JSE All Share Index including income

Performance net of all fees and expenses

% Returns	Fund	Benchmark[1]	CPI inflation[2]
Cumulative:			
Since inception (13 March 2015)	76.9	98.6	56.5
Annualised:			
Since inception (13 March 2015)	6.7	8.1	5.3
Latest 5 years	9.0	11.9	5.0
Latest 3 years	15.6	13.5	6.1
Latest 2 years	9.5	6.4	6.5
Latest 1 year	8.9	9.2	5.5
Risk measures (since inception)			
Maximum drawdown[3]	-44.3	-35.2	n/a
Percentage positive months[4]	57.5	55.7	n/a
Annualised monthly volatility[5]	14.9	14.9	n/a
Highest annual return[6]	57.3	54.0	n/a
Lowest annual return[6]	-32.0	-18.4	n/a

1. FTSE/JSE All Share Index including income (source: IRESS), performance as calculated by Allan Gray as at 31 December 2023.
2. This is based on the latest available numbers published by IRESS as at 30 November 2023.
3. Maximum percentage decline over any period. The maximum drawdown for the Fund occurred from 25 January 2018 to 23 March 2020 and maximum benchmark drawdown occurred from 17 January 2020 to 19 March 2020. Drawdown is calculated on the total return of the Fund/benchmark (i.e. including income).
4. The percentage of calendar months in which the Fund produced a positive monthly return since inception.
5. The standard deviation of monthly return. This is a measure of how much an investment's return varies from its average over time.
6. These are the highest or lowest consecutive 12-month returns since inception of the Fund. This is a measure of how much the Fund and the benchmark returns have varied per rolling 12-month period. The Fund's highest annual return occurred during the 12 months ended 31 March 2021 and the benchmark's occurred during the 12 months ended 31 March 2021. The Fund's lowest annual return occurred during the 12 months ended 31 March 2020 and the benchmark's occurred during the 12 months ended 31 March 2020. All rolling 12-month figures for the Fund and the benchmark are available from our Client Service Centre on request.

Sector allocation on 31 December 2023

Sector	% of equities[7]	% of ALSI[8]
Financials	26.8	26.8
Basic materials	22.3	26.2
Consumer staples	21.9	10.9
Consumer discretionary	10.5	6.7
Industrials	7.3	5.3
Technology	5.9	12.2
Telecommunications	2.1	4.7
Healthcare	1.7	2.0
Real estate	1.2	4.0
Energy	0.4	1.2
Total (%)	**100.0**	**100.0**

7. Includes listed property.
8. FTSE/JSE All Share Index.

Note: There may be slight discrepancies in the totals due to rounding.

Income distributions for the last 12 months

To the extent that income earned in the form of dividends and interest exceeds expenses in the Fund, the Fund will distribute any surplus biannually.	30 Jun 2023	31 Dec 2023
Cents per unit	**874.8755**	**949.6780**

ALLAN GRAY-ORBIS GLOBAL EQUITY FEEDER FUND

Inception date: 1 April 2005

Portfolio managers

This Fund invests solely into the Orbis Global Equity Fund, managed by Orbis Investment Management Limited.

Fund objective and benchmark

The Fund aims to outperform global stock markets over the long term, without taking on greater risk. Its benchmark is the MSCI World Index, including income, after withholding taxes.

Commentary

2023 felt like we were running on a treadmill, while Mr Market took the flying carpet. The Orbis Global Equity Fund returned 20.1% in dollars*, an attractive absolute return, but not quite enough to match the benchmark**, which rose 23.9%. It's always frustrating to come up short versus our benchmark, even when absolute returns are good. But it's not uncommon for us to lag strongly rising markets, especially when they are driven by a handful of shares – in this case, the US technology companies dubbed the "magnificent seven": Apple, Microsoft, Alphabet, Amazon, Nvidia, Meta and Tesla.

In 2023, approximately 60% of the Fund was invested in winners versus the market, and our average winner won by as much as our average loser lost. If that were all we knew about performance in 2023, we would guess we had beaten the benchmark. But apart from a small position in Alphabet, the Fund did not own the magnificent seven, and not holding them dented relative returns three times more than the biggest loser actually owned by the Fund. While we prefer to focus on what's *in* the Fund, sometimes what *isn't* is the bigger driver of our returns versus the benchmark.

An intuitive (but flawed) understanding of passive investing would suggest that out of 100 active portfolios, an index tracker will come in 50th place. But 2023 showed that's not quite true. In a Monte Carlo simulation, had 100 investors picked 50 equal-weighted stocks at random from the MSCI World Index at the start of the year, a remarkable 92 of those portfolios would have trailed the Index. In reality, global equity funds did better than just picking stocks at random. Still, the Index managed to beat 73% of active managers – a feat only topped during the build-up to the tech bubble in the 1990s.

2023 was an outlier on the positive side for indexation, but if a passive strategy can deliver a 92nd percentile result, then an 8th percentile result is also possible. That kind of outcome isn't just theoretical. A passive strategy lagged nearly all simulations as recently as 2009 (3rd percentile) and, before that, in 2000 (2nd percentile). A passive approach, it turns out, is a distinct portfolio with its own risks and exposures. The difference is how the portfolio is constructed. While we build portfolios based on shares that we believe offer the most attractive value, traditional market capitalisation-weighted passive funds allocate strictly according to index weighting, paying no mind to value or risk.

By design, traditional index funds are naturally overexposed to the most overvalued parts of a market. It follows that the *environment where a passive approach will rank highest versus peers is one where the most overvalued shares get even more overvalued*. Indeed, the more the valuation gap between overvalued and undervalued stocks widens, the more the passive strategy outperforms, the greater its allocation to the overvalued stocks, the more money it attracts to keep the cycle in motion – and the more risky it becomes. The converse is also true: *the environment where a passive approach will do worst is one where the most overvalued shares sell off hardest (e.g. 2000) or the most overlooked shares recover most strongly (e.g. 2009).*

As a barometer of current market conditions, 2023's 92nd percentile performance from the Index is a fascinating tell – and 2023 isn't alone. Though 2022 was a break from the recent pattern, US index-tracking strategies have now beaten the combined wisdom of active investors for eight of the last 10 years. Never before has following the crowd made so much money. Nor, in our estimation, so little sense. But just look at the opportunities the crowd has left for those of us willing to take a different view.

We could wax lyrical about the glaring difference in value between Korean banks priced at 4 times earnings, versus Apple at approximately 28 times, despite diverging fundamentals. Or how the thick margin of safety at Intel, backed by listed stakes and real saleable assets, compares to the slim margin for error at Nvidia, trading at 13 times 2024's projected revenue. We could marvel at Mr Market's willingness to extrapolate dominance for the magnificent seven while putting little value on Nintendo's exceptional intellectual property. But those deep dives would only cover a fraction of the Fund, which risks diluting the message on how distorted the overall opportunity set has become.

Not since the inception of the first Orbis funds in 1990 has one country's benchmark weight punched so far above its share of global GDP (then Japan, now the US). Nor since Allan Gray's creation in 1973 have a handful of shares commanded such a large proportion of the market. Today, the magnificent seven stocks command as much market value as the five largest developed stock markets outside the US by market value, yet the magnificent seven contribute less than half the profits of those stock markets.

The decisions to launch investment funds at those times were far from coincidental. Our founder, Allan W B Gray, was always a big believer in putting clients first. He considered moments when the market was dominated by one hot theme to be invaluable opportunities for us to pick up the bargains left behind for our clients. Looking at today's distorted investment environment, we believe he'd be every bit as excited as we are.

Adapted from a commentary contributed by Ben Preston, Orbis Portfolio Management (Europe) LLP, London and Eric Marais, Orbis Investment Advisory Pty Limited, Sydney

*Net-of-fee return for 2023.
**MSCI World Index, including income, after withholding taxes (source: Bloomberg), performance as calculated by Allan Gray as at 31 December 2023. From inception to 15 May 2023, the benchmark was the FTSE World Index, including income.

Performance net of all fees and expenses

% Returns	Fund		Benchmark[1]		CPI inflation[2]	
Cumulative:	ZAR	US$	ZAR	US$	ZAR	US$
Since inception (1 April 2005)	1127.7	312.8	1186.9	332.7	177.6	59.5
Annualised:						
Since inception (1 April 2005)	14.3	7.8	14.6	8.1	5.6	2.5
Latest 10 years	12.2	6.0	15.2	8.9	5.2	2.8
Latest 5 years	15.9	10.2	18.8	12.9	5.0	4.0
Latest 3 years	13.5	5.0	15.9	7.2	6.1	5.7
Latest 2 years	11.3	3.2	8.9	1.0	6.5	5.1
Latest 1 year	30.9	20.1	35.0	23.9	5.5	3.1
Risk measures (since inception)						
Maximum drawdown[3]	-34.1	-52.8	-38.0	-57.6	n/a	n/a
Percentage positive months[4]	63.1	58.7	60.9	63.1	n/a	n/a
Annualised monthly volatility[5]	15.3	17.3	14.4	16.1	n/a	n/a
Highest annual return[6]	78.2	64.1	54.2	58.4	n/a	n/a
Lowest annual return[6]	-29.7	-44.8	-32.7	-47.3	n/a	n/a

1. MSCI World Index, including income, after withholding taxes (source: Bloomberg), performance as calculated by Allan Gray as at 31 December 2023. From inception to 15 May 2023, the benchmark was the FTSE World Index, including income.
2. This data reflects the latest available inflation numbers for South Africa and the United States of America, as published by IRESS as of 30 November 2023.
3. Maximum percentage decline over any period. The maximum rand drawdown occurred from 6 June 2008 to 10 March 2009 and maximum benchmark drawdown occurred from 5 June 2008 to 6 March 2009. Drawdown is calculated on the total return of the Fund/benchmark (i.e. including income).
4. The percentage of calendar months in which the Fund produced a positive monthly return since inception.
5. The standard deviation of the Fund's monthly return. This is a measure of how much an investment's return varies from its average over time.
6. These are the highest or lowest consecutive 12-month returns since inception. This is a measure of how much the Fund and the benchmark returns have varied per rolling 12-month period. The Fund's highest annual return occurred during the 12 months ended 31 December 2013 and the benchmark's occurred during the 12 months ended 31 December 2013. The Fund's lowest annual return occurred during the 12 months ended 31 March 2009 and the benchmark's occurred during the 12 months ended 31 March 2009. All rolling 12-month figures for the Fund and the benchmark are available from our Client Service Centre on request.

Asset allocation on 31 December 2023

This fund invests solely into the Orbis Global Equity Fund

	Total	North America	Europe and UK	Japan	Asia ex-Japan	Other
Net equities	99.1	52.6	17.3	14.4	13.7	1.2
Hedged equities	0.0	0.0	0.0	0.0	0.0	0.0
Fixed interest	0.0	0.0	0.0	0.0	0.0	0.0
Commodity-linked	0.0	0.0	0.0	0.0	0.0	0.0
Net current assets	0.9	0.0	0.0	0.0	0.0	0.9
Total	**100.0**	**52.6**	**17.3**	**14.4**	**13.7**	**2.1**
Currency exposure						
Fund	100.0	49.0	21.1	16.7	7.8	5.4
Benchmark	100.0	73.1	17.6	6.0	1.0	2.3

Note: There may be slight discrepancies in the totals due to rounding.

Income distributions for the last 12 months

To the extent that income earned in the form of dividends and interest exceeds expenses in the Fund, the Fund will distribute any surplus annually.	31 Dec 2023
Cents per unit	**1.3302**

ALLAN GRAY BALANCED FUND

Inception date: 1 October 1999

Portfolio managers

Duncan Artus, Jacques Plaut, Rory Kutisker-Jacobson, Tim Acker. (Foreign assets invested in Orbis funds are managed by Orbis Investment Management Limited.)

Fund objective and benchmark

The Fund aims to create long-term wealth for investors within the constraints governing retirement funds. It aims to outperform the average return of similar funds without assuming any more risk. The Fund's benchmark is the market value-weighted average return of funds in the South African – Multi Asset – High Equity category (excluding Allan Gray funds).

Commentary

2023 was another year full of surprising and unpredictable events. Most notably, in our opinion, global markets continue to be dominated by the announcements and actions of central banks, and expectations around those actions, rather than fundamentals. In 2022, as global inflation spiked and central banks responded by hiking interest rates, we saw a considerable sell-off in speculative, long-duration and leveraged assets, as the era of "easy money" appeared to be over. As inflation tapered during the course of 2023, and central banks have begun to signal an end to rate hiking and possible rate cuts, many of these assets have rebounded sharply:

- After selling off in 2022, global equity markets rebounded and were once again dominated by US stocks, and in particular large-cap US technology stocks. For the year ending 31 December 2023, the MSCI World Index was up 24%, the S&P 500 up 26% and the Nasdaq up 45% – in US dollars. The largest US stocks (Apple, Alphabet, Meta, Microsoft, Tesla, Nvidia and Amazon) have come to be known as the "magnificent seven", and in 2023, magnificent they were. The "worst" performing of the group was Apple, up 49%, while the best, Nvidia, buoyed by the excitement around artificial intelligence and the related demand for their chips, was up over 200%. In absolute terms, the market value of Nvidia increased by over US$800bn.
- Cryptocurrencies also saw a resurgence. After being down over 64% in 2022, Bitcoin bounced more than 160% to end the year at US$42 085. Remarkably, that is still below where it began in 2022. This mathematical fact highlights how important avoiding large losses is to successful long-term investing. If you buy something that subsequently halves in value, you need it to increase by 100% to get your money back. In this particular case, Bitcoin speculators who bought on 31 December 2021 need to see a price recovery of 178% from 31 December 2022 to get their money back in nominal terms.
- One asset class that hasn't seen as strong a recovery is the bond market. At the end of 2020, at the peak of the "easy money" era, there were roughly US$18tn of negative-yielding bonds. That is to say, at that point in the market cycle, there was US$18tn of debt where lenders were paying borrowers to borrow money from them! As interest rates began increasing in 2021 and increased further through 2022, bondholders began to suffer. The J.P. Morgan Global Government Bond Index fell by 6.5% in 2021 and a further 17.2% in 2022. It failed to recover meaningfully in 2023, returning 4.0%. Those who held long-duration "safe-haven" developed market bonds fared much worse. In 2022, investors in US and UK 30-year bonds lost a third and half of their investments, respectively – only to see further declines in prices during the course of 2023, with a marginal recovery by year end.

Domestically, the economic environment remains challenging, dominated by poor sentiment and record levels of loadshedding. It is not surprising that we have not seen the same resurgence in asset prices:

- In rands, the FTSE/JSE Capped SWIX All Share Index generated a return of 7.9% in 2023, which equates to a decline of 1.1% in US dollars, given persistent rand weakness. Within that though, there has been a large divergence in individual sector and stock performance. By way of example, within the precious metals sector, Harmony Gold returned 105% for the year, while Impala Platinum fell by 55%, including dividends.
- The FTSE/JSE All Bond Index fared slightly better, generating a return of 9.7% in rands and 0.6% in US dollars. Somewhat surprisingly, given the economic landscape, growing government debt and fiscal deficits, the yield on 10-year bonds strengthened marginally from 11.1% at the start of 2023 to 10.9% at the end of the year.

In this environment, the Fund returned 13.0% for the 2023 calendar year. This compares with a benchmark return of 13.3% for the year. Over three years, the Fund has delivered an annualised return of 13.7%, compared with 10.9% for the benchmark and inflation of 6.1%. As we look to 2024 and beyond, what should we expect of inflation, and how this may impact central banks' behaviour, interest rates and market returns? In short: We don't know. Our only expectation is that events are likely to surprise us, and surprise us in how the market reacts. We navigate this uncertainty by being patient and disciplined, and striving to buy only those assets where the risk-to-reward opportunity is skewed heavily in our favour, with a large margin of safety and the knowledge that we won't always get it right.

One other notable event that occurred in the final quarter of 2023 was the passing of Charlie Munger, aged 99. Warren Buffett's right-hand man, Charlie, was renowned for his investment acumen, common sense and "worldly wisdom". A remarkable man, Charlie never shied from sharing his opinion on a variety of topics, often with biting bluntness. On the topics of inflation, forecasting and probabilities, we think Charlie said it best:

"I remember the US$0.05 hamburger and a US$0.40-per-hour minimum wage, so I've seen a tremendous amount of inflation in my lifetime. Did it ruin the investment climate? I think not."

"People have always had this craving to have someone tell them the future. Long ago, kings would hire people to read sheep guts. There's always been a market for people who pretend to know the future. Listening to today's forecasters is just as crazy as when the king hired the guy to look at the sheep guts."

"If you don't get this elementary, but mildly unnatural, mathematics of elementary probability into your repertoire, then you go through a long life like a one-legged man in an *ss-kicking contest."

The investment world is a little less wise without Charlie in it.

Commentary contributed by Rory Kutisker-Jacobson

Performance net of all fees and expenses

% Returns	Fund	Benchmark[1]	CPI inflation[2]
Cumulative:			
Since inception (1 October 1999)	2853.4	1266.6	270.7
Annualised:			
Since inception (1 October 1999)	15.0	11.4	5.6
Latest 10 years	8.6	7.3	5.2
Latest 5 years	10.2	9.8	5.0
Latest 3 years	13.7	10.9	6.1
Latest 2 years	10.5	6.5	6.5
Latest 1 year	13.0	13.3	5.5
Risk measures (since inception)			
Maximum drawdown[3]	-25.4	-23.3	n/a
Percentage positive months[4]	69.8	67.4	n/a
Annualised monthly volatility[5]	9.4	9.4	n/a
Highest annual return[6]	46.1	41.9	n/a
Lowest annual return[6]	-14.2	-16.7	n/a

1. The market value-weighted average return of funds in the South African – Multi Asset – High Equity category (excluding Allan Gray funds). Source: Morningstar, performance as calculated by Allan Gray as at 31 December 2023. From inception to 31 January 2013 the benchmark was the market value-weighted average return of the funds in both the Domestic Asset Allocation Medium Equity and Domestic Asset Allocation Variable Equity sectors of the previous ASISA Fund Classification Standard, excluding the Allan Gray Balanced Fund. Source: Micropal.
2. This is based on the latest available numbers published by IRESS as at 30 November 2023.
3. Maximum percentage decline over any period. The maximum drawdown occurred from 20 January 2020 to 23 March 2020 and maximum benchmark drawdown occurred from 20 January 2020 to 23 March 2020. Drawdown is calculated on the total return of the Fund/benchmark (i.e. including income).
4. The percentage of calendar months in which the Fund produced a positive monthly return since inception.
5. The standard deviation of the Fund's monthly return. This is a measure of how much an investment's return varies from its average over time.
6. These are the highest or lowest consecutive 12-month returns since inception. This is a measure of how much the Fund and the benchmark returns have varied per rolling 12-month period. The Fund's highest annual return occurred during the 12 months ended 30 April 2006 and the benchmark's occurred during the 12 months ended 30 April 2006. The Fund's lowest annual return occurred during the 12 months ended 31 March 2020 and the benchmark's occurred during the 12 months ended 28 February 2009. All rolling 12-month figures for the Fund and the benchmark are available from our Client Service Centre on request.

Asset allocation on 31 December 2023[7]

Asset class	Total	South Africa	Foreign
Net equities	66.3	42.1	24.2
Hedged equities	8.5	2.4	6.1
Property	0.9	0.6	0.3
Commodity-linked	3.2	2.6	0.6
Bonds	13.4	8.3	5.0
Money market and bank deposits[8]	7.8	7.1	0.7
Total (%)	**100.0**	**63.1**	**36.9**[9]

7. Underlying holdings of foreign funds are included on a look-through basis.
8. Including currency hedges.
9. The Fund can invest a maximum of 45% offshore. Market movements may periodically cause the Fund to move beyond these limits. This must be corrected within 12 months.

Note: There may be slight discrepancies in the totals due to rounding.

Income distributions for the last 12 months

To the extent that income earned in the form of dividends and interest exceeds expenses in the Fund, the Fund will distribute any surplus biannually.	30 Jun 2023	31 Dec 2023
Cents per unit	**129.9463**	**163.9386**

ALLAN GRAY TAX-FREE BALANCED FUND

Inception date: 1 February 2016

Portfolio managers

Duncan Artus, Jacques Plaut, Rory Kutisker-Jacobson, Tim Acker. (Foreign assets invested in Orbis funds are managed by Orbis Investment Management Limited.)

Fund objective and benchmark

The Fund aims to create long-term wealth for investors within the constraints governing retirement funds. It aims to outperform the average return of similar funds without assuming any more risk. The Fund's benchmark is the market value-weighted average return of funds in the South African – Multi Asset – High Equity category (excluding Allan Gray funds).

Commentary

2023 was another year full of surprising and unpredictable events. Most notably, in our opinion, global markets continue to be dominated by the announcements and actions of central banks, and expectations around those actions, rather than fundamentals. In 2022, as global inflation spiked and central banks responded by hiking interest rates, we saw a considerable sell-off in speculative, long-duration and leveraged assets, as the era of "easy money" appeared to be over. As inflation tapered during the course of 2023, and central banks have begun to signal an end to rate hiking and possible rate cuts, many of these assets have rebounded sharply:

- After selling off in 2022, global equity markets rebounded and were once again dominated by US stocks, and in particular large-cap US technology stocks. For the year ending 31 December 2023, the MSCI World Index was up 24%, the S&P 500 up 26% and the Nasdaq up 45% – in US dollars. The largest US stocks (Apple, Alphabet, Meta, Microsoft, Tesla, Nvidia and Amazon) have come to be known as the "magnificent seven", and in 2023, magnificent they were. The "worst" performing of the group was Apple, up 49%, while the best, Nvidia, buoyed by the excitement around artificial intelligence and the related demand for their chips, was up over 200%. In absolute terms, the market value of Nvidia increased by over US$800bn.
- Cryptocurrencies also saw a resurgence. After being down over 64% in 2022, Bitcoin bounced more than 160% to end the year at US$42 085. Remarkably, that is still below where it began in 2022. This mathematical fact highlights how important avoiding large losses is to successful long-term investing. If you buy something that subsequently halves in value, you need it to increase by 100% to get your money back. In this particular case, Bitcoin speculators who bought on 31 December 2021 need to see a price recovery of 178% from 31 December 2022 to get their money back in nominal terms.
- One asset class that hasn't seen as strong a recovery is the bond market. At the end of 2020, at the peak of the "easy money" era, there were roughly US$18tn of negative-yielding bonds. That is to say, at that point in the market cycle, there was US$18tn of debt where lenders were paying borrowers to borrow money from them! As interest rates began increasing in 2021 and increased further through 2022, bondholders began to suffer. The J.P. Morgan Global Government Bond Index fell by 6.5% in 2021 and a further 17.2% in 2022. It failed to recover meaningfully in 2023, returning 4.0%. Those who held long-duration "safe-haven" developed market bonds fared much worse. In 2022, investors in US and UK 30-year bonds lost a third and half of their investments, respectively – only to see further declines in prices during the course of 2023, with a marginal recovery by year end.

Domestically, the economic environment remains challenging, dominated by poor sentiment and record levels of loadshedding. It is not surprising that we have not seen the same resurgence in asset prices:

- In rands, the FTSE/JSE Capped SWIX All Share Index generated a return of 7.9% in 2023, which equates to a decline of 1.1% in US dollars, given persistent rand weakness. Within that though, there has been a large divergence in individual sector and stock performance. By way of example, within the precious metals sector, Harmony Gold returned 105% for the year, while Impala Platinum fell by 55%, including dividends.
- The FTSE/JSE All Bond Index fared slightly better, generating a return of 9.7% in rands and 0.6% in US dollars. Somewhat surprisingly, given the economic landscape, growing government debt and fiscal deficits, the yield on 10-year bonds strengthened marginally from 11.1% at the start of 2023 to 10.9% at the end of the year.

In this environment, the Fund returned 13.3% for the 2023 calendar year. This compares with a benchmark return of 13.3% for the year. Over three years, the Fund has delivered an annualised return of 13.6%, compared with 10.9% for the benchmark and inflation of 6.1%. As we look to 2024 and beyond, what should we expect of inflation, and how this may impact central banks' behaviour, interest rates and market returns? In short: We don't know. Our only expectation is that events are likely to surprise us, and surprise us in how the market reacts. We navigate this uncertainty by being patient and disciplined, and striving to buy only those assets where the risk-to-reward opportunity is skewed heavily in our favour, with a large margin of safety and the knowledge that we won't always get it right.

One other notable event that occurred in the final quarter of 2023 was the passing of Charlie Munger, aged 99. Warren Buffett's right-hand man, Charlie, was renowned for his investment acumen, common sense and "worldly wisdom". A remarkable man, Charlie never shied from sharing his opinion on a variety of topics, often with biting bluntness. On the topics of inflation, forecasting and probabilities, we think Charlie said it best:

"I remember the US$0.05 hamburger and a US$0.40-per-hour minimum wage, so I've seen a tremendous amount of inflation in my lifetime. Did it ruin the investment climate? I think not."

"People have always had this craving to have someone tell them the future. Long ago, kings would hire people to read sheep guts. There's always been a market for people who pretend to know the future. Listening to today's forecasters is just as crazy as when the king hired the guy to look at the sheep guts."

"If you don't get this elementary, but mildly unnatural, mathematics of elementary probability into your repertoire, then you go through a long life like a one-legged man in an *ss-kicking contest."

The investment world is a little less wise without Charlie in it.

Commentary contributed by Rory Kutisker-Jacobson

Performance net of all fees and expenses

% Returns	Fund	Benchmark[1]	CPI inflation[2]
Cumulative:			
Since inception (1 February 2016)	88.7	75.1	48.3
Annualised:			
Since inception (1 February 2016)	8.4	7.3	5.2
Latest 5 years	10.2	9.8	5.0
Latest 3 years	13.6	10.9	6.1
Latest 2 years	11.0	6.5	6.5
Latest 1 year	13.3	13.3	5.5
Risk measures (since inception)			
Maximum drawdown[3]	-24.6	-23.3	n/a
Percentage positive months[4]	66.3	64.2	n/a
Annualised monthly volatility[5]	9.6	9.5	n/a
Highest annual return[6]	31.7	30.7	n/a
Lowest annual return[6]	-13.4	-10.3	n/a

1. The market value-weighted average return of funds in the South African – Multi Asset – High Equity category (excluding Allan Gray funds). Source: Morningstar, performance as calculated by Allan Gray as at 31 December 2023.
2. This is based on the latest available numbers published by IRESS as at 30 November 2023.
3. Maximum percentage decline over any period. The maximum drawdown occurred from 20 January 2020 to 23 March 2020 and maximum benchmark drawdown occurred from 20 January 2020 to 23 March 2020. Drawdown is calculated on the total return of the Fund/benchmark (i.e. including income).
4. The percentage of calendar months in which the Fund produced a positive monthly return since inception.
5. The standard deviation of the Fund's monthly return. This is a measure of how much an investment's return varies from its average over time.
6. These are the highest or lowest consecutive 12-month returns since inception. This is a measure of how much the Fund and the benchmark returns have varied per rolling 12-month period. The Fund's highest annual return occurred during the 12 months ended 31 March 2021 and the benchmark's occurred during the 12 months ended 31 March 2021. The Fund's lowest annual return occurred during the 12 months ended 31 March 2020 and the benchmark's occurred during the 12 months ended 31 March 2020. All rolling 12-month figures for the Fund and the benchmark are available from our Client Service Centre on request.

Asset allocation on 31 December 2023[7]

Asset class	Total	South Africa	Foreign
Net equities	66.1	42.1	24.1
Hedged equities	8.3	2.2	6.0
Property	0.9	0.6	0.3
Commodity-linked	3.2	2.6	0.6
Bonds	13.7	8.9	4.9
Money market and bank deposits[8]	7.8	6.7	1.1
Total (%)	**100.0**	**63.1**	**36.9**[9]

7. Underlying holdings of foreign funds are included on a look-through basis.
8. Including currency hedges.
9. The Fund can invest a maximum of 45% offshore. Market movements may periodically cause the Fund to move beyond these limits. This must be corrected within 12 months.

Note: There may be slight discrepancies in the totals due to rounding.

Income distributions for the last 12 months

To the extent that income earned in the form of dividends and interest exceeds expenses in the Fund, the Fund will distribute any surplus biannually.	30 Jun 2023	31 Dec 2023
Cents per unit	15.7833	19.8006

ALLAN GRAY-ORBIS GLOBAL BALANCED FEEDER FUND

Inception date: 3 February 2004

Portfolio manager

This Fund invests solely into the Orbis SICAV Global Balanced Fund, managed by Orbis Investment Management Limited.

Fund objective and benchmark[1]

The Fund aims to create long-term wealth for investors and to outperform its designated combined equity and bond performance benchmark, which comprises 60% the MSCI World Index with net dividends reinvested and 40% the J.P. Morgan Global Government Bond Index.

Commentary

2023 was a healthy year for economies and markets, though a sometimes frustrating one for us. Across most of the developed world, interest rates rose, inflation slowed, wages grew, unemployment numbers napped, and equity markets flew. Central bankers have not quite toasted themselves for painlessly reducing inflation, but they have clearly started to chill the champagne. To many, the year felt like a warm encore to the investing environment of the last 15 years and a welcome pivot from 2022's tentative return to valuation rationality.

Company fundamentals, asset prices and common sense tell us that a re-run of the last 15 years is unlikely. Accordingly, the Fund hasn't changed much on the surface. Its asset class exposures are roughly where they were a year ago. Between regions, we still favour Japan, the UK and Europe over the US. Within sectors, our best ideas are still in energy, semiconductor manufacturers, energy transition businesses, financials and defence contractors, with minimal exposure to the US tech juggernauts that dominated markets in 2023. In part, that stability is deliberate. The classic value investor's mistake is to buy a cheap share on the way down, sweat anxiously until it starts to recover, then sell with relief as soon as it gets back to the purchase price. To us, that's like hopping off a train in the middle of a bridge. An extremely cheap stock that performs well may still be very cheap, and sometimes the hardest thing to do is sit on your hands.

Bottom-up rotation: energy, energy transition and semiconductors

But the Fund's apparent stability belies a number of changes under the surface. During the year, we made notable changes to the Fund's energy, energy transition and semiconductor holdings.

In energy, we trimmed exposure to oil and gas producers in favour of specialist service companies. As producers have ramped up supply, oil prices fell from an average of US$100 per barrel in 2022 to an average of US$85 in 2023. Higher supply is not great for producers, but it is rewarding for their service providers. Yet all of our services companies trade for less than 10 times what we expect them to earn in a few years. We have also rotated within the Fund's energy transition holdings. Among utilities, we bought US nuclear energy generator Constellation, whose scale and cost advantages should help it benefit as reliable, clean power sources become more highly valued. And we added to our largest utility position, Drax, to take advantage of share price weakness driven by short-term concerns.

In semiconductors, we have written repeatedly about long-held Samsung Electronics and Taiwan Semiconductor Manufacturing Company (TSMC) which remain major holdings. In 2023, we bought Intel and added to memory maker Micron. The memory chip industry has just rounded out a vicious downcycle, and the recovery should benefit both Micron and Samsung. Having consolidated from a half dozen competitors to just three, the industry is fundamentally better than it was a decade ago, but this is hardly reflected in valuations – Micron trades for about 10 times our estimates of 2025 earnings.

While Intel had fallen behind TSMC and Samsung in manufacturing, the company's shares got much cheaper in early 2023, and in an increasingly fraught environment where Taiwan is a flash point, being an American company with American factories is a huge asset. Even after a share price recovery in 2023, the valuation suggests the market remains sceptical.

Within stock markets, we still see plenty of value, but the MSCI World Index remains expensive in aggregate. While 2022 took some of the absurdity out of valuations, the bubble was just starting to unwind. In 2023, richly priced shares got richer while cheap stocks mostly stayed cheap.

Walk on the mild side

That creates interesting conditions on the lower-risk side of the Fund. Hedged equity remains a wonderful tool for us. When we buy undervalued shares and sell their local market index, we capture the relative return of our stocks versus the index, plus a cash interest rate. In the US, that cash-like return is now 5% p.a. – a nice boost for our hedged equity exposure.

In bonds, the real yield on a 10-year US Treasury Inflation Protected Security, or TIPS, is now a little less than 2%, against market inflation expectations of 2.2% for the foreseeable future. That combination looks attractive to us, and it raises the bar for everything else in the Fund. If a super liquid, super safe, reasonably stable asset will give us about 2% per year after inflation, anything riskier we buy needs to offer substantially higher returns. Today, we can find higher returns without leaving the bond world, and our team has uncovered a number of attractive corporate bond ideas.

Which leaves gold. In 2023, gold managed to beat bonds and set a new record high. We clipped the position into this strength, but we continue to like the diversification gold brings to the Fund.

A better balance

We continue to think our Fund offers a better balance of risk and return than the benchmark, aided by the diversification provided from assets that can hold their own against inflation. For risk management, that diversification is helpful. But we have always believed the best way to reduce risk without sacrificing return is to simply own undervalued assets. In aggregate, the equities in Global Balanced trade at just 16 times earnings, compared to 24 times for the MSCI World Index. That leaves us excited by the low expectations and undervaluation we see across the Fund.

Adapted from a commentary contributed by Alec Cutler, Orbis Investment Management Limited, Bermuda

Performance net of all fees and expenses

% Returns	Fund		Benchmark[1,2]		CPI inflation[3]	
Cumulative:	ZAR	US$	ZAR	US$	ZAR	US$
Since inception (3 February 2004)	730.1	215.3	748.3	222.2	189.0	65.3
Annualised:						
Since inception (3 February 2004)	11.2	5.9	11.3	6.0	5.5	2.6
Latest 10 years	10.7	4.6	11.6	5.5	5.2	2.8
Latest 5 years	13.6	8.0	12.9	7.3	5.0	4.0
Latest 3 years	15.6	6.9	9.8	1.6	6.1	5.7
Latest 2 years	15.8	7.4	5.3	-2.3	6.5	5.1
Latest 1 year	24.2	13.9	26.0	15.6	5.5	3.1
Risk measures (since inception)						
Maximum drawdown[4]	-24.0	-37.0	-25.1	-37.5	n/a	n/a
Percentage positive months[5]	58.6	60.3	57.7	62.8	n/a	n/a
Annualised monthly volatility[6]	13.5	11.8	12.9	10.5	n/a	n/a
Highest annual return[7]	55.6	43.8	38.8	37.6	n/a	n/a
Lowest annual return[7]	-13.7	-27.3	-17.0	-31.7	n/a	n/a

1. The Fund was converted from a fund of funds structure to a feeder fund structure and its name and benchmark were amended on 1 June 2021. For more information, please read "Ballot underway for Allan Gray-Orbis Global Fund of Funds", available via the Latest insights section of our website.
2. 60% of the MSCI World Index with net dividends reinvested and 40% of the J.P. Morgan Global Government Bond Index (source: Bloomberg), performance as calculated by Allan Gray as at 31 December 2023. From inception to 31 May 2021, the benchmark was 60% of the FTSE World Index including income and 40% of the J.P. Morgan Global Government Bond Index.
3. This data reflects the latest available inflation numbers for South Africa and the United States of America, as published by IRESS as of 30 November 2023.
4. Maximum percentage decline over any period. The maximum rand drawdown occurred from 23 October 2008 to 14 October 2010 and maximum benchmark drawdown occurred from 23 October 2008 to 30 June 2009. Drawdown is calculated on the total return of the Fund/benchmark (i.e. including income).

Asset allocation on 31 December 2023

	Total	North America	Europe and UK	Japan	Asia ex-Japan	Other
Net equities	57.2	13.7	18.2	9.2	13.6	2.5
Hedged equities	18.3	10.6	5.2	0.6	0.8	1.0
Fixed interest	19.4	15.1	3.9	0.0	0.1	0.2
Commodity-linked	4.8	0.0	0.0	0.0	0.0	4.8
Net current assets	0.3	0.0	0.0	0.0	0.0	0.3
Total	**100.0**	**39.4**	**27.4**	**9.8**	**14.5**	**8.9**
Currency exposure						
Fund	100.0	30.8	35.1	17.4	10.7	6.0
Benchmark	100.0	64.2	22.4	10.8	0.6	2.0

Note: There may be slight discrepancies in the totals due to rounding.

Income distributions for the last 12 months

To the extent that income earned in the form of dividends and interest exceeds expenses in the Fund, the Fund will distribute any surplus annually.	31 Dec 2023
Cents per unit	**1.0560**

5. The percentage of calendar months in which the Fund produced a positive monthly return since inception.
6. The standard deviation of the Fund's monthly return. This is a measure of how much an investment's return varies from its average over time.
7. These are the highest or lowest consecutive 12-month returns since inception. This is a measure of how much the Fund and the benchmark returns have varied per rolling 12-month period. The Fund's highest annual return occurred during the 12 months ended 31 December 2013 and the benchmark's occurred during the 12 months ended 31 December 2013. The Fund's lowest annual return occurred during the 12 months ended 31 October 2010 and the benchmark's occurred during the 12 months ended 30 June 2009. All rolling 12-month figures for the Fund and the benchmark are available from our Client Service Centre on request.

ALLAN GRAY STABLE FUND

Inception date: 1 July 2000

Portfolio managers

Duncan Artus, Sean Munsie, Tim Acker. (Foreign assets invested in Orbis funds are managed by Orbis Investment Management Limited.)

Fund objective and benchmark

The Fund aims to provide a high degree of capital stability and to minimise the risk of loss over any two-year period, while producing long-term returns that are superior to bank deposits. The Fund's benchmark is the daily interest rate, as supplied by FirstRand Bank Limited, plus 2%.

Commentary

The Fund aims to deliver real absolute returns at low risk of capital loss through the cycle. The prospective returns available at any point in time in the cycle are to a large degree dependent on starting valuations. Given the Fund's significant exposure to fixed income instruments, the real returns offered by cash and low-duration bonds are an important determinant in delivering on its objective. The additional exposure to equities, capped at a maximum of 40% of the Fund, provides the opportunity to increase the overall return above that offered by fixed income.

Theoretically, the Fund's outlook is positive when real short-term interest rates are high, combined with cheap equities, and vice versa. In the second scenario, where we want to avoid overvalued equities by holding more cash, it is difficult to achieve the benchmark until equities are attractive enough to be upweighted. The Fund can invest up to 45% of its assets offshore. While we are unlikely to be at or close to this maximum, outside of extremes, the offshore exposure adds diversification. In our view, this offsets the potential increase in the short-term volatility of rand returns and protects against the risk of a substantially weaker currency.

So where are we at this point in the cycle?

Local fixed income is offering attractive real yields. We can construct a fixed income allocation for the Fund that not only has an attractive yield but also a low modified duration, which is a measure of risk to changes in interest rates. The Fund's local fixed income has a yield of 8.9% with a modified duration of 2.3. We have invested a third of our money market exposure into five-year fixed deposits yielding 10%. Offshore fixed income is attractive with hard currency US dollar short-term rates paying 5% and higher. This includes floating-rate debt in high-quality US financial institutions. While we might be close to the peak of the rate cycle, with the result that some of the high yields roll off over time, the yields remain attractive. We think there is a reasonable chance that rates stay higher than the market is currently discounting.

The Fund's net equity weighting of 25% is below the maximum of 40%. This reflects our efforts to balance the attractiveness of low-duration fixed income and the risks we see in equity markets. Many South African equities remain attractively valued, and this is similar globally – outside of the mega-cap US shares. One way to take advantage of this is to own the equities we think are attractive and then hedge out the overall equity market risk by selling index futures. When considering equities for the Fund, we think about how they would react in scenarios that may be negative for local fixed income. Gold mining shares such as Gold Fields, AngloGold and Barrick, are examples. In addition, we own high-quality global businesses, such as AB InBev and Marriott International.

While high real short-term rates offer an attractive opportunity locally, they are also a tough benchmark to outperform while simultaneously limiting risk of capital loss. We think carefully about constructing the portfolio and believe the current combination of assets increases the probability that the Fund will achieve and hopefully outperform its benchmark over the medium term.

Commentary contributed by Duncan Artus

Performance net of all fees and expenses

% Returns	Fund	Benchmark[1]	CPI inflation[2]
Cumulative:			
Since inception (1 July 2000)	1109.7	579.6	252.2
Annualised:			
Since inception (1 July 2000)	11.2	8.5	5.5
Latest 10 years	8.1	7.2	5.2
Latest 5 years	8.4	6.7	5.0
Latest 3 years	10.8	6.7	6.1
Latest 2 years	8.7	7.8	6.5
Latest 1 year	11.2	9.3	5.5
Risk measures (since inception)			
Maximum drawdown[3]	-16.7	n/a	n/a
Percentage positive months[4]	77.7	100.0	n/a
Annualised monthly volatility[5]	5.2	0.7	n/a
Highest annual return[6]	23.3	14.6	n/a
Lowest annual return[6]	-7.4	4.6	n/a

1. The Fund's benchmark is the daily interest rate, as supplied by FirstRand Bank Limited plus 2%, performance as calculated by Allan Gray as at 31 December 2023.
2. This is based on the latest available numbers published by IRESS as at 30 November 2023.
3. Maximum percentage decline over any period. The maximum drawdown occurred from 20 January 2020 to 23 March 2020. Drawdown is calculated on the total return of the Fund (i.e. including income).
4. The percentage of calendar months in which the Fund produced a positive monthly return since inception.
5. The standard deviation of the Fund's monthly return. This is a measure of how much an investment's return varies from its average over time.
6. These are the highest or lowest consecutive 12-month returns since inception. This is a measure of how much the Fund and the benchmark returns have varied per rolling 12-month period. The Fund's highest annual return occurred during the 12 months ended 30 April 2006 and the benchmark's occurred during the 12 months ended 30 June 2003. The Fund's lowest annual return occurred during the 12 months ended 31 March 2020 and the benchmark's occurred during the 12 months ended 31 August 2021. All rolling 12-month figures for the Fund and the benchmark are available from our Client Service Centre on request.

Asset allocation on 31 December 2023[7]

Asset class	Total	South Africa	Foreign
Net equities	25.5	13.7	11.7
Hedged equities	20.2	9.4	10.9
Property	1.0	0.8	0.2
Commodity-linked	2.3	1.9	0.4
Bonds	32.9	24.9	8.0
Money market and bank deposits[8]	18.1	20.0	-1.9
Total (%)	**100.0**	**70.6**	**29.4**[9]

7. Underlying holdings of foreign funds are included on a look-through basis.
8. Including currency hedges.
9. The Fund can invest a maximum of 45% offshore. Market movements may periodically cause the Fund to move beyond these limits. This must be corrected within 12 months.

Note: There may be slight discrepancies in the totals due to rounding.

Income distributions for the last 12 months

To the extent that income earned in the form of dividends and interest exceeds expenses in the Fund, the Fund will distribute any surplus quarterly.

	31 Mar 2023	30 Jun 2023	30 Sep 2023	31 Dec 2023
Cents per unit	37.7005	36.6206	44.1534	42.0767

ALLAN GRAY OPTIMAL FUND

Inception date: 1 October 2002

Portfolio manager

Sean Munsie.

Fund objective and benchmark

The Fund aims to provide investors with long-term positive returns higher than those available in the money market sector, irrespective of stock market returns. The Fund's benchmark is the daily interest rate as supplied by FirstRand Bank Limited.

Commentary

Central bank actions and speculation on the future path of interest rates continue to have an outsized influence on the prices of risk assets globally. This was particularly evident during the last quarter of 2023 when the market perceived the US Federal Reserve's message that it is now near the end of its rate hiking cycle as a signal that a series of prolonged cuts is now imminent, despite this running contrary to the continued "higher for longer" rhetoric from monetary authorities. This has led to a substantial rally in developed market bond yields which has fed through to local stock and bond prices. As a result, the FTSE/JSE Capped SWIX All Share Index ended the year with an annual return of 7.9%, a marked improvement from the year-to-date return of -0.3% at the end of September 2023.

As we look ahead to 2024, it remains to be seen whether market expectations of sustainably lower global inflation together with moderate economic growth, as experienced prior to the COVID-19 pandemic, will be realised. Continued price increases ahead of targeted levels in the stickier components of the inflationary basket, such as wages and services, suggest interest rates may have to remain in restrictive territory for longer than currently anticipated – outside of a rapid slowing in economic growth. The "stagflation" scenario would present a challenging backdrop for equity prices.

The Fund's 2.7% return for the year ending 31 December 2023 is disappointing in absolute terms and relative to competing asset classes such as local cash and bonds. The Fund aims to provide investors with long-term positive returns higher than those available in the money market sector, irrespective of stock market returns.

The Fund's returns are determined by the performance of the underlying shares in the portfolio relative to the stock market index and the level of short-term interest rates. The Fund's more bearish positioning in terms of stock selection with a bias towards more "value-type" shares as well as its overall net equity weight has been a headwind to performance in this environment. Performance did improve during the second half of the year – with returns marginally ahead of the cash benchmark.

Overweight positions in Sasol and British American Tobacco relative to the underlying index were among the largest detractors from performance. Both trade on undemanding valuations which, in our view, should more than compensate an investor for taking on potential longer-term earnings sustainability concerns around elements of their businesses. Contributors to the Fund's return included AB InBev, Mondi and exposure to gold shares.

Other notable positions at the end of 2023 included overweight exposures to Sappi and select local industrial shares, including retailers and food producers. These positions were offset by corresponding underweights in diversified miners, Naspers/Prosus and local banks.

Commentary contributed by Sean Munsie

Performance net of all fees and expenses

% Returns	Fund	Benchmark[1]	CPI inflation[2]
Cumulative:			
Since inception (1 October 2002)	295.2	245.7	198.1
Annualised:			
Since inception (1 October 2002)	6.7	6.0	5.3
Latest 10 years	5.4	5.1	5.2
Latest 5 years	2.7	4.6	5.0
Latest 3 years	5.2	4.6	6.1
Latest 2 years	4.5	5.7	6.5
Latest 1 year	2.7	7.2	5.5
Risk measures (since inception)			
Maximum drawdown[3]	-10.2	n/a	n/a
Percentage positive months[4]	73.3	100.0	n/a
Annualised monthly volatility[5]	4.4	0.6	n/a
Highest annual return[6]	18.1	11.9	n/a
Lowest annual return[6]	-8.2	2.5	n/a

1. The daily interest rate as supplied by FirstRand Bank Limited (source: FirstRand Bank), performance as calculated by Allan Gray as at 31 December 2023.
2. This is based on the latest available numbers published by IRESS as at 30 November 2023.
3. Maximum percentage decline over any period. The maximum drawdown occurred from 6 February 2020 to 15 September 2020. Drawdown is calculated on the total return of the Fund (i.e. including income).
4. The percentage of calendar months in which the Fund produced a positive monthly return since inception.
5. The standard deviation of the Fund's monthly return. This is a measure of how much an investment's return varies from its average over time.
6. These are the highest or lowest consecutive 12-month returns since inception. This is a measure of how much the Fund and the benchmark returns have varied per rolling 12-month period. The Fund's highest annual return occurred during the 12 months ended 30 September 2003 and the benchmark's occurred during the 12 months ended 30 September 2003. The Fund's lowest annual return occurred during the 12 months ended 31 August 2020 and the benchmark's occurred during the 12 months ended 30 November 2021. All rolling 12-month figures for the Fund and the benchmark are available from our Client Service Centre on request.

Asset allocation on 31 December 2023

Asset class	Total
Net equities	0.4
Hedged equities	85.0
Property	1.4
Commodity-linked	0.0
Bonds	0.0
Money market and bank deposits	13.2
Total (%)	**100.0**

Note: There may be slight discrepancies in the totals due to rounding.

Income distributions for the last 12 months

To the extent that income earned in the form of dividends and interest exceeds expenses in the Fund, the Fund will distribute any surplus biannually.	30 Jun 2023	31 Dec 2023
Cents per unit	**44.7117**	**48.3060**

ALLAN GRAY-ORBIS GLOBAL OPTIMAL FUND OF FUNDS

Inception date: 2 March 2010

Portfolio manager

Duncan Artus. (The underlying Orbis funds are managed by Orbis.)

Fund objective and benchmark

The Fund aims to provide a high degree of capital stability (when measured in the foreign currency denominations of the underlying Orbis funds), while producing long-term returns that are superior to foreign currency bank deposits. The Fund's benchmark is the simple average of the benchmarks of the underlying Orbis funds.

Commentary

This Fund is designed to protect against broad stock market declines, while at the same time delivering attractive returns that can help compound wealth over time. The Fund also has a valuable role to play as a portfolio diversification tool given that its returns have been largely uncorrelated with other assets such as equities, bonds and cash.

To keep things simple, there are two key variables that really matter when thinking about the Fund. The first is the so-called equity risk premium, or the excess return that the stock market delivers above cash. By hedging stock market exposure, the Fund effectively "gives back" this equity risk premium but retains the return on cash, so it misses out on an important source of returns when stock markets are strong. On the flip side, it also misses out on large losses thanks to hedging. The second key variable is alpha, or the extent to which our stock selections add or detract value. As a relative measure, alpha is not correlated with the broader stock market – we can either add or detract value regardless of what the market itself is doing.

The ideal outcome for the Fund is when stock markets decline and our alpha is robust. The worst case for the Fund is when markets are booming, and our stock selections are poor. For much of the period following the global financial crisis, the Fund suffered from a "perfect storm" of unusually strong stock markets, near-zero rates on cash and a difficult period for alpha generation at Orbis.

The past three years have been more encouraging. Over this period, the equity risk premium has come down from historically elevated levels. Stock markets have been resilient, but interest rates have risen, so the gap has narrowed substantially. Our stock selection results have also improved. The Fund's three-year net-of-fee return of 6.3% p.a. in US dollars compares favourably to an unhedged return of 7.4% p.a. on global equities over that period, which came with much more volatility. The Fund has also earned its keep as a portfolio diversifier, with government bonds – a traditional safe-haven asset – posting losses over the past three years.

That said, we will avoid celebrating just yet as our longer-term alpha – the Fund's lifeblood – remains below what we aspire to achieve for clients. We remain optimistic given that global equity markets have fully recovered to their previous "Everything Bubble"-era peak. Despite the drawdown in 2022, the S&P 500 has managed to defy gravity longer than usual when compared to similar historical episodes. Macro and geopolitical risks continue to loom larger than usual, making the Fund's built-in downside protection appealing.

At the same time, there are still wide dispersions between the cheapest and most expensive stocks – creating fertile conditions for our stockpickers to add value. Indeed, we have had no trouble finding shares for the Fund that appear attractive based on cheaper-than-average valuations or superior fundamentals.

In some ways, we find ourselves at a "back to the future" moment that is reminiscent of late 2021 or early 2022. Back then, it wasn't clear if stock markets could sustain their momentum or if they would decline, and we see no point in making those predictions. Our solution today – as it was back then – is to let valuation be our guide and concentrate our clients' capital in our highest-conviction opportunities. For the Fund, the result should be a well-balanced and idiosyncratic portfolio that continues to provide downside protection and a differentiated return over the long term.

Adapted from a commentary contributed by John Christy, Orbis Investments (Canada) Ltd., Vancouver

Performance net of all fees and expenses

% Returns	Fund		Benchmark[1]		CPI inflation[2]	
Cumulative:	ZAR	US$	ZAR	US$	ZAR	US$
Since inception (2 March 2010)	187.2	19.2	141.5	0.2	100.5	41.7
Annualised:						
Since inception (2 March 2010)	7.9	1.2	6.6	0.0	5.2	2.6
Latest 10 years	6.3	0.5	5.6	-0.2	5.2	2.8
Latest 5 years	7.6	2.3	6.2	1.0	5.0	4.0
Latest 3 years	14.9	6.3	8.1	0.0	6.1	5.7
Latest 2 years	17.7	9.2	10.1	2.1	6.5	5.1
Latest 1 year	15.9	6.3	15.9	6.3	5.5	3.1
Risk measures (since inception)						
Maximum drawdown[3]	-18.9	-31.3	-26.6	-16.1	n/a	n/a
Percentage positive months[4]	52.4	55.4	47.6	48.8	n/a	n/a
Annualised monthly volatility[5]	13.3	7.2	13.8	4.3	n/a	n/a
Highest annual return[6]	39.6	14.4	35.6	9.4	n/a	n/a
Lowest annual return[6]	-12.4	-15.3	-19.1	-11.6	n/a	n/a

1. The simple average of the benchmarks of the underlying funds, performance as calculated by Allan Gray as at 31 December 2023.
2. This data reflects the latest available inflation numbers for South Africa and the United States of America, as published by IRESS as of 30 November 2023.
3. Maximum percentage decline over any period. The maximum rand drawdown occurred from 18 May 2016 to 24 March 2017 and maximum benchmark drawdown occurred from 18 January 2016 to 23 February 2018. Drawdown is calculated on the total return of the Fund/benchmark (i.e. including income).
4. The percentage of calendar months in which the Fund produced a positive monthly return since inception.
5. The standard deviation of the Fund's monthly return. This is a measure of how much an investment's return varies from its average over time.
6. These are the highest or lowest consecutive 12-month returns since inception. This is a measure of how much the Fund and the benchmark returns have varied per rolling 12-month period. The Fund's highest annual return occurred during the 12 months ended 31 December 2013 and the benchmark's occurred during the 12 months ended 31 January 2016. The Fund's lowest annual return occurred during the 12 months ended 31 May 2017 and the benchmark's occurred during the 12 months ended 28 February 2017. All rolling 12-month figures for the Fund and the benchmark are available from our Client Service Centre on request.

Asset allocation on 31 December 2023

	Total	North America	Europe and UK	Japan	Asia ex-Japan	Other
Net equities	5.6	-3.6	3.7	2.0	3.4	0.0
Hedged equities	85.9	41.4	22.2	18.8	3.6	0.0
Fixed interest	0.0	0.0	0.0	0.0	0.0	0.0
Commodity-linked	0.0	0.0	0.0	0.0	0.0	0.0
Net current assets	8.5	0.0	0.0	0.0	0.0	8.5
Total	**100.0**	**37.8**	**25.9**	**20.8**	**7.0**	**8.5**
Currency exposure						
Funds	100.0	54.9	38.2	6.0	0.8	0.0

Note: There may be slight discrepancies in the totals due to rounding.

Income distributions for the last 12 months

To the extent that income earned in the form of dividends and interest exceeds expenses in the Fund, the Fund will distribute any surplus annually.	31 Dec 2023
Cents per unit	**0.3632**

ALLAN GRAY BOND FUND

Inception date: 1 October 2004

Portfolio manager

Thalia Petousis.

Fund objective and benchmark

The Bond Fund's goal is to deliver returns that exceed inflation and cash over the long term, without taking on undue risk. The Fund's benchmark is the FTSE/JSE All Bond Index.

Commentary

2023 was another volatile year for bonds both locally and offshore. When measured from the price high in January 2023 to the price low in late September 2023, the SA 20-year government bond fell from a price of 81 cents down to 69 cents on the rand, or a 15% clean price deterioration. While interest coupons cushioned just over half of that drawdown for bondholders, it was still undoubtedly a tumultuous period for the fixed interest market. When performing the same calculation for US Treasury bonds of an equivalent maturity over that period, the returns were similar even when measured in rand terms. For much of the year, there was simply no safe place to hide for a long-duration fixed-rate bondholder, highlighting the current importance of diversified fixed interest exposure across floating-rate paper, inflation-linked bonds, and money market instruments, as is held in the Fund at attractive yields.

In the final quarter of 2023, US and SA bonds staged a recovery from those pricing lows. Part of the rationale underlying this move is that the market is eagerly anticipating the start of the US Federal Reserve's (the Fed's) interest rate cutting cycle, with expectations for the overnight rate to fall from 5.5% to closer to 4% over the course of 2024. Fed chairman Jerome Powell does not explicitly endorse such an outlook, instead emphasising his desire to pause and evaluate the impact of higher borrowing costs on the US economy and to assess whether inflation is falling back to the Fed's 2% target. What is interesting beyond this is that 4% is still a healthy US dollar yield and one that has not been enjoyed by US fixed interest investors since 2007. Additionally, 4% is certainly not a return that the FTSE/JSE All Bond Index has been able to deliver over the last five to 10 years in US dollar terms.

Would such a move in the US to short-term rates of 3-4% entice foreign investors to participate in our local market to the degree that they did from 2012 to 2018 when they desperately hunted for a decent yield in a world of virtually zero percent rates? This uncomfortable question hangs in the balance for many emerging market (EM), African and frontier sovereigns who became accustomed to issuing a large quantum of debt into a world abundant with easy capital. As higher developed market rates and large offshore deficits have drained these flows from the periphery of financial markets, the issue of scarcity of capital has taken centre stage. Only when the tide goes out do you learn who has been swimming naked, and several African and EM sovereigns have met their debt demise in the last few years as capital flows wash into the core of financial markets and expose the fragility of fiscal accounts in the periphery.

Another reason for the partial recovery in SA government bonds in November was the delivery of the Medium-Term Budget Policy Statement. Despite a projected deterioration in SA debt to 75% of GDP in the 2023/2024 financial year, the bond market took comfort from the suggestion that Treasury will not raise rand fixed-rate and inflation-linked bond issuance to the degree that they can avoid doing so. Yields promptly fell, although the curve did steepen to reflect heightened long-term fiscal risks. Whether or not fixed-rate bond auction sizes will be increased has become a key issue given that the local savings pool is highly saturated with government paper versus history, which has put upward pressure on yields.

Important to note is that local debt issuance targets did increase by 15% in FY2023/2024 versus the February 2023 Budget projection, but this will be met with increased Treasury Bill and floating-rate note auctions, as well as with the issuance of the new RSA Sukuk bond in Q4 2023 which was largely taken up by local banks to be held as high-quality liquid assets against their Shari'ah deposit liabilities. For the financial year started on 1 March 2024, issuance is projected to rise by another 11% and then another 13% in the year thereafter. Without a return of significant foreign capital flows, this will require the local savings pool to increase their sovereign debt holdings further. Treasury has asserted that in order to avoid raising issuance in the sacred cow arena of fixed-rate bonds, they will instead continue to utilise the floating-rate funding tool (a shorter-dated note with five-year to seven-year refinancing risks) as well as begin to issue inaugural rand green bonds. It remains to be seen what form the green bonds will take and whether the local savings pool demand will be sufficient to meet supply. While these tools represent a diversification of funding *tools*, they do not represent a diversification of funding *sources*.

Where the Treasury has made positive inroads in terms of diversifying their funding sources and lowering their debt financing costs is via the avoidance of the expensive offshore Eurobond capital markets. Treasury has been absent from the Eurobond market since early 2022 and has instead made significant progress in replacing that foreign debt with lower-cost financing from sources like the International Monetary Fund, the German state-owned development bank, and the Government of Canada. This is commendable and speaks to the strength of our National Treasury in managing our debt mix and profile despite the mounting burden that is placed upon them, with available government cash balances estimated to have fallen intra-month in early December 2023 to below R100bn, or a 13-year low, after repaying a large inflation-linked bond maturity.

Commentary contributed by Thalia Petousis

Performance net of all fees and expenses

% Returns	Fund	Benchmark[1]	CPI inflation[2]
Cumulative:			
Since inception (1 October 2004)	400.1	378.5	183.2
Annualised:			
Since inception (1 October 2004)	8.7	8.5	5.6
Latest 10 years	8.2	8.0	5.2
Latest 5 years	7.7	8.2	5.0
Latest 3 years	7.0	7.4	6.1
Latest 2 years	6.4	6.9	6.5
Latest 1 year	9.5	9.7	5.5
Risk measures (since inception)			
Maximum drawdown[3]	-18.9	-19.3	n/a
Percentage positive months[4]	71.4	68.4	n/a
Annualised monthly volatility[5]	5.9	7.5	n/a
Highest annual return[6]	18.0	21.2	n/a
Lowest annual return[6]	-2.6	-5.6	n/a

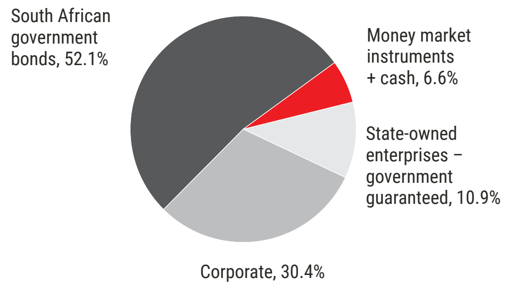
1. FTSE/JSE All Bond Index (source: IRESS), performance as calculated by Allan Gray as at 31 December 2023.
2. This is based on the latest available numbers published by IRESS as at 30 November 2023.
3. Maximum percentage decline over any period. The maximum drawdown occurred from 27 February 2020 to 24 March 2020 and maximum benchmark drawdown occurred from 26 February 2020 to 23 March 2020. Drawdown is calculated on the total return of the Fund/benchmark (i.e. including income).
4. The percentage of calendar months in which the Fund produced a positive monthly return since inception.
5. The standard deviation of the Fund's monthly return. This is a measure of how much an investment's return varies from its average over time.
6. These are the highest or lowest consecutive 12-month returns since inception. This is a measure of how much the Fund and the benchmark returns have varied per rolling 12-month period. The Fund's highest annual return occurred during the 12 months ended 31 January 2015 and the benchmark's occurred during the 12 months ended 31 January 2015. The Fund's lowest annual return occurred during the 12 months ended 31 January 2016 and the benchmark's occurred during the 12 months ended 31 January 2016. All rolling 12-month figures for the Fund and the benchmark are available from our Client Service Centre on request.

Note: There may be slight discrepancies in the totals due to rounding.

Income distributions for the last 12 months

Actual payout, the Fund distributes quarterly	31 Mar 2023	30 Jun 2023	30 Sep 2023	31 Dec 2023
Cents per unit	**24.7203**	**26.0679**	**25.7014**	**26.6398**

Asset allocation on 31 December 2023



ALLAN GRAY MONEY MARKET FUND

Inception date: 1 July 2001

Portfolio manager

Thalia Petousis.

Fund objective and benchmark

The Fund aims to preserve capital, maintain liquidity and generate a sound level of income. The Fund's benchmark is the Alexander Forbes Short Term Fixed Interest (STeFI) Composite Index.

Commentary

Over the course of 2023, the South African Reserve Bank (SARB) raised the overnight repo rate from 7.00% to 8.25%. In their final meeting for 2023, for the first time in the year, the committee members unanimously voted to keep the rate unchanged. Several SARB members have communicated that high rates have not been their ideal outcome but have been necessary, because the bank carries an outsized burden when it comes to stabilising South Africa's macro economy and inflation.

In this regard, the SARB repeatedly calls for government to share the burden with them via a prudent fiscal policy. While the SARB's preference would in fact be for lower interest rates and lower inflation, they have not been able to achieve this while government continues to run an imprudently high debt level which raises the country risk premium. This elevated country risk premium entrenches itself in national borrowing costs as foreign investors demand a higher interest rate to invest in the ever-growing supply of South African government debt and to refinance the debt of ailing state-owned entities like Eskom and Transnet. This country risk premium also contributes to a weaker rand exchange rate and ergo higher imported price inflation.

Beyond actively lowering their debt pile, the SARB also continues to recommend to government that they lower inflation by increasing the supply of energy and reducing real government wage growth so that it matches the weak economic productivity gains in our economy. The SARB's final bugbear is that administered prices, such as those for electricity, water, and rates and taxes, have been allowed to rise at double digits and faster than the country's targeted price inflation. Such pricing pressures necessitate that the SARB keep rates higher than they would prefer as a necessary evil that serves to lower consumer borrowing appetite and crush household demand. In theory, such action is meant to arrest any second-round price increases from taking hold.

While the market is pricing for the SARB to begin cutting interest rates in mid-2024, the SARB maintains that they will not provide future guidance on interest rates nor pre-commit to a specific policy path. The only hard promise that they will make is that they need to deliver on their mandate of lowering inflation to maintain price stability in the economy.

The weighted average yield of the Fund (gross of fees) started the 2023 year at 7.49% and ended the year at 9.45%, thus paying the highest rate of interest in the Fund in over 14 years.

Commentary contributed by Thalia Petousis

Performance net of all fees and expenses

% Returns	Fund	Benchmark[1]	CPI inflation[2]
Cumulative:			
Since inception (1 July 2001)	425.3	404.2	231.5
Annualised:			
Since inception (1 July 2001)	7.7	7.5	5.5
Latest 10 years	6.8	6.4	5.2
Latest 5 years	6.4	5.9	5.0
Latest 3 years	6.1	5.7	6.1
Latest 2 years	7.0	6.6	6.5
Latest 1 year	8.4	8.1	5.5
Risk measures (since inception)			
Highest annual return[3]	12.8	13.3	n/a
Lowest annual return[3]	4.3	3.8	n/a

1. The current benchmark is the Alexander Forbes Short Term Fixed Interest (STeFI) Composite Index. Since inception to 31 March 2003, the benchmark was the Alexander Forbes 3-Month Deposit Index. From 1 April 2003 to 31 October 2011 the benchmark was the Domestic Fixed Interest Money Market Collective Investment Scheme sector excluding the Allan Gray Money Market Fund, performance as calculated by Allan Gray as at 31 December 2023.
2. This is based on the latest available numbers published by IRESS as at 30 November 2023.
3. These are the highest or lowest consecutive 12-month returns since inception. This is a measure of how much the Fund and the benchmark returns have varied per rolling 12-month period. The Fund's highest annual return occurred during the 12 months ended 31 July 2003 and the benchmark's occurred during the 12 months ended 31 July 2003. The Fund's lowest annual return occurred during the 12 months ended 31 October 2021 and the benchmark's occurred during the 12 months ended 31 October 2021. All rolling 12-month figures for the Fund and the benchmark are available from our Client Service Centre on request.

Income distributions for the last 12 months

Actual payout (cents per unit), the Fund distributes monthly

Jan 2023	Feb 2023	Mar 2023	Apr 2023
0.60	0.56	0.64	0.64
May 2023	Jun 2023	Jul 2023	Aug 2023
0.68	0.68	0.71	0.72
Sep 2023	Oct 2023	Nov 2023	Dec 2023
0.70	0.73	0.71	0.74

Exposure by issuer on 31 December 2023

	% of portfolio
Corporates	**12.4**
Sanlam	2.5
Shoprite	2.4
Mercedes-Benz Group	2.3
Daimler Truck	2.1
AVI Limited	1.4
Pick n Pay Stores	0.9
Toyota Financial Services	0.7
Banks[4]	**58.9**
Nedbank	18.7
Standard Bank	12.9
Absa Bank	12.3
Investec Bank	11.6
FirstRand Bank	3.5
Governments	**28.7**
Republic of South Africa	28.7
Total (%)	**100.0**

4. Banks include negotiable certificates of deposit (NCDs), floating rate notes, fixed deposits and call deposits.

Note: There may be slight discrepancies in the totals due to rounding.

ALLAN GRAY UNIT TRUSTS ANNUAL FEES

Fund	Annual investment management fee (excl. VAT)
Allan Gray Equity Fund (JSE code: AGEF)	Allan Gray charges a fee based on the net asset value of the Fund excluding the portion invested in Orbis funds. The fee rate is calculated daily by comparing the Fund's total performance for the day to that of the benchmark. Fee for performance equal to the Fund's benchmark: 1.00% p.a. excl. VAT. For each annualised percentage point above or below the benchmark, we add or deduct 0.20%. The maximum fee is uncapped and if the fee would have been negative, 0% will be charged for the day and the negative fee will be carried forward to reduce the next day's fee (and all subsequent days until the underperformance is recovered). This means that Allan Gray shares in approximately 20% of annualised performance relative to the benchmark. A portion of the Fund may be invested in Orbis funds. Orbis charges performance-based fees within these funds that are calculated based on each Orbis fund's performance relative to its own benchmark. Orbis pays a marketing and distribution fee to Allan Gray.
Allan Gray SA Equity Fund (JSE code: AGDA)	Allan Gray charges a fee based on the net asset value of the Fund. The fee rate is calculated daily by comparing the Fund's total performance for the day to that of the benchmark. Fee for performance equal to the Fund's benchmark: 1.00% p.a. excl. VAT. For each annualised percentage point above or below the benchmark, we add or deduct 0.20%. The maximum fee is uncapped and if the fee would have been negative, 0% will be charged for the day and the negative fee will be carried forward to reduce the next day's fee (and all subsequent days until the underperformance is recovered). This means that Allan Gray shares in 20% of annualised performance relative to the benchmark.
Allan Gray-Orbis Global Equity Feeder Fund (JSE code: AGOE)	Allan Gray does not charge an annual management fee but is paid a marketing and distribution fee by Orbis. Orbis charges an annual management fee within the underlying Orbis Global Equity Fund. The fee rate is calculated based on the Orbis fund's performance relative to its benchmark. For more information, please refer to the Orbis Global Equity Fund factsheet and prospectus, which can be found at www.orbis.com.
Allan Gray Balanced Fund (JSE code: AGBF)	Allan Gray charges a fee based on the net asset value of the Fund excluding the portion invested in Orbis funds. The fee rate is calculated daily by comparing the Fund's total performance over the last two years to that of the benchmark. Fee for performance equal to the Fund's benchmark: 1.00% p.a. excl. VAT For each percentage of two-year performance above or below the benchmark, we add or deduct 0.10%, subject to the following limits: Maximum fee: 1.50% p.a. excl. VAT Minimum fee: 0.50% p.a. excl. VAT This means that Allan Gray shares in approximately 20% of annualised performance relative to the benchmark. A portion of the Fund may be invested in Orbis funds. Orbis charges performance-based fees within these funds that are calculated based on each Orbis fund's performance relative to its own benchmark. Orbis pays a marketing and distribution fee to Allan Gray.
Allan Gray Tax-Free Balanced Fund (JSE code: AGTBA)	A fixed fee of 1.25% p.a. excl. VAT. Allan Gray charges this fee based on the net asset value of the Fund excluding the portion invested in Orbis funds. Orbis charges fixed fees within the Orbis funds that the Fund invests in. Orbis pays a marketing and distribution fee to Allan Gray.
Allan Gray-Orbis Global Balanced Feeder Fund (JSE code: AGGF)	Allan Gray does not charge an annual management fee but is paid a marketing and distribution fee by Orbis. Orbis charges an annual management fee within the underlying Orbis SICAV Global Balanced Fund. The fee rate is calculated based on the Orbis fund's performance relative to its benchmark. For more information, please refer to the Orbis SICAV Global Balanced Fund factsheet and prospectus, which can be found at www.orbis.com.
Allan Gray Stable Fund (JSE code: AGSF)	Allan Gray charges a fee based on the net asset value of the Fund excluding the portion invested in Orbis funds. The fee rate is calculated daily by comparing the Fund's total performance over the last two years, to that of the benchmark. If the Fund's return over two years is equal to or less than 0%, Allan Gray will not charge a fee. Fee for performance equal to the Fund's benchmark: 1.00% p.a. excl. VAT For each percentage of two-year performance above or below the benchmark, we add or deduct 0.10%, subject to the following limits: Maximum fee: 1.50% p.a. excl. VAT Minimum fee: 0.50% p.a. excl. VAT This means that Allan Gray shares in approximately 20% of annualised performance relative to the benchmark. A portion of the Fund may be invested in Orbis funds. Orbis charges performance-based fees within these funds that are calculated based on each Orbis fund's performance relative to its own benchmark. Orbis pays a marketing and distribution fee to Allan Gray.
Allan Gray Optimal Fund (JSE code: AGOF)	The fee rate is calculated daily by comparing the Fund's total performance to that of the benchmark. Fee for performance equal to the Fund's benchmark: 1.00% p.a. excl. VAT The Fund is first required to recover any underperformance before a fee higher than the fee for performance equal to the benchmark can be charged. This is known as a high watermark. If the Fund's performance is above its previous high watermark, we add 0.20% to the fee for each percentage of performance above the high watermark. The fee is uncapped.
Allan Gray-Orbis Global Optimal Fund of Funds (JSE code: AGOO)	Allan Gray does not charge an annual management fee but is paid a marketing and distribution fee by Orbis. Orbis charges annual management fees within the underlying Orbis funds. Each Orbis fund's fee rate is calculated based on the Orbis fund's performance relative to its own benchmark. For more information, please refer to the Orbis Optimal SA Fund factsheets and prospectus, which can be found at www.orbis.com.
Allan Gray Bond Fund (JSE code: AGBD)	A fixed fee of 0.50% p.a. excl. VAT
Allan Gray Money Market Fund (JSE code: AGMF)	A fixed fee of 0.25% p.a. excl. VAT

ALLAN GRAY UNIT TRUSTS TOTAL EXPENSE RATIOS (TERs) AND TRANSACTION COSTS

For the 1-year period ending 31 December 2023

Fund	Fee for benchmark performance %	Performance fee %	Other costs excluding transaction costs %	VAT %	Total expense ratio (TER)[5,6] %	Transaction costs (incl. VAT)[5,7] %	Total investment charge (TIC) %
Allan Gray Equity Fund[1,2] (JSE code: AGEF)	1.05%	0.93%	0.04%	0.23%	**2.25%**	0.07%	**2.32%**
Allan Gray SA Equity Fund[2] (JSE code: AGDA)	1.00%	-0.78%	0.01%	0.03%	**0.26%**	0.10%	**0.36%**
Allan Gray-Orbis Global Equity Feeder Fund[3] (JSE code: AGOE)	1.24%	0.22%	0.05%	0.00%	**1.51%**	0.09%	**1.60%**
Allan Gray Balanced Fund[1,2] (JSE code: AGBF)	1.02%	0.61%	0.03%	0.17%	**1.83%**	0.06%	**1.89%**
Allan Gray Tax-Free Balanced Fund[1,2,4] (JSE code: AGTBA)	1.29%	N/A	0.03%	0.14%	**1.46%**	0.07%	**1.53%**
Allan Gray-Orbis Global Balanced Feeder Fund[3] (JSE code: AGGF)	1.10%	-0.48%	0.06%	0.00%	**0.68%**	0.06%	**0.74%**
Allan Gray Stable Fund[1,2] (JSE code: AGSF)	1.01%	0.47%	0.03%	0.17%	**1.68%**	0.04%	**1.72%**
Allan Gray Optimal Fund[2] (JSE code: AGOF)	1.00%	0.00%	0.03%	0.15%	**1.18%**	0.08%	**1.26%**
Allan Gray-Orbis Global Optimal Fund of Funds[3] (JSE code: AGOO)	0.99%	-0.01%	0.08%	0.00%	**1.06%**	0.12%	**1.18%**
Allan Gray Bond Fund[2,4] (JSE code: AGBD)	0.50%	N/A	0.01%	0.08%	**0.59%**	0.00%	**0.59%**
Allan Gray Money Market Fund[2,4] (JSE code: AGMF)	0.25%	N/A	0.00%	0.04%	**0.29%**	0.00%	**0.29%**

1. Assets invested in the Orbis funds incur a management fee. These, along with other expenses, are included in the total expense ratio.
2. The fees, TERs and transaction costs provided are for Class A funds only. The fees, TERs and transaction costs for other classes of the funds are available from our Client Service Centre.
3. Due to foreign exchange control regulations, the Fund may be closed from time to time. Unitholders can contact our Client Service Centre to confirm whether or not the Fund is open.
4. The Allan Gray Tax-Free Balanced Fund, Allan Gray Money Market Fund and Allan Gray Bond Fund charge a fixed fee.
5. The total expense ratio (TER) is the annualised percentage of the Fund's average assets under management that has been used to pay the Fund's actual expenses over the past one- and three-year periods. The TER includes the annual management fees that have been charged (both the fee at benchmark and any performance component charged), VAT and other expenses like audit and trustee fees. Transaction costs (including brokerage, securities transfer tax, Share Transactions Totally Electronic (STRATE) and FSCA Investor Protection Levy and VAT thereon) are shown separately. Transaction costs are necessary costs in administering the Fund and impact Fund returns. They should not be considered in isolation as returns may be impacted by many other factors over time, including market returns, the type of financial product, the investment decisions of the investment manager, and the TER. Since Fund returns are quoted after the deduction of these expenses, the TER and transaction costs should not be deducted again from published returns. As unit trust expenses vary, the current TER cannot be used as an indication of future TERs. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. Instead, when investing, the investment objective of the Fund should be aligned with the investor's objective and compared against the performance of the Fund. The TER and other funds' TERs should then be used to evaluate whether the Fund performance offers value for money. The sum of the TER and transaction costs is shown as the total investment charge (TIC).
6. TERs and transaction costs are unaudited.

Compliance with retirement fund regulations

Allan Gray Balanced, Stable, Bond, Tax-Free Balanced and Money Market funds

These funds are managed to comply with Regulation 28 of the Pension Funds Act. Exposures in excess of the limits will be corrected immediately, except where due to a change in the fair value or characteristic of an asset, e.g. market value fluctuations, in which case they will be corrected within the prescribed regulatory time period. Allan Gray Unit Trust Management (RF) Proprietary Limited does not monitor compliance by retirement funds with section 19(4) of the Pension Funds Act (Item 6 of Table 1 to Regulation 28).

ALLAN GRAY UNIT TRUSTS

STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Note	Equity Fund		Global Equity Feeder Fund	
		2023 R'000	2022 R'000	2023 R'000	2022 R'000
INVESTMENT INCOME		1 153 665	1 288 787	4 266	2 467
Dividends - Local		1 095 772	1 235 575	-	-
Dividends - Foreign		2 331	1 645	-	-
Dividends - Real estate investment trust income		12 281	23 363	-	-
Interest - Local		41 992	27 408	4 266	2 467
Interest - Foreign		1 289	796	-	-
Sundry income		-	-	-	-
OPERATING EXPENSES		712 246	417 111	1 026	869
Audit fee		192	125	72	47
Bank charges		132	158	26	15
Trustee fee		1 455	1 339	928	807
Management fee		710 467	415 489	-	-
PROFIT/(LOSS) BEFORE UNDISTRIBUTABLE INCOME ITEMS	1	441 419	871 676	3 240	1 598

ALLAN GRAY UNIT TRUSTS

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2023

	Equity Fund		Global Equity Feeder Fund	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
ASSETS				
Investments	43 889 618	40 254 097	28 887 761	23 826 653
Current assets	80 962	82 081	58 883	15 828
TOTAL ASSETS	43 970 580	40 336 178	28 946 644	23 842 481
LIABILITIES				
Current liabilities	374 282	606 717	3 292	1 681
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	43 596 298	39 729 461	28 943 352	23 840 800

Balanced Fund		Global Balanced Feeder Fund		Stable Fund	
2023 R'000	2022 R'000	2023 R'000	2022 R'000	2023 R'000	2022 R'000
5 915 869	5 947 782	3 387	1 606	2 575 079	2 438 412
3 494 103	4 026 408	-	-	533 801	710 794
7 253	5 117	-	-	1 723	1 557
43 518	73 897	-	-	30 194	26 907
2 244 395	1 759 459	3 387	1 606	1 868 559	1 565 957
126 600	82 901	-	-	140 395	133 197
-	-	-	-	407	-
1 995 695	1 736 407	680	594	601 431	612 154
220	144	74	48	195	127
557	561	24	20	494	488
6 053	5 416	582	526	1 752	1 651
1 988 865	1 730 286	-	-	598 990	609 888
3 920 174	4 211 375	2 707	1 012	1 973 648	1 826 258

Balanced Fund		Global Balanced Feeder Fund		Stable Fund	
2023 R'000	2022 R'000	2023 R'000	2022 R'000	2023 R'000	2022 R'000
184 405 194	164 519 078	17 201 188	15 685 495	51 783 781	48 753 259
274 289	244 667	30 044	40 778	78 687	84 952
184 679 483	164 763 745	17 231 232	15 726 273	51 862 468	48 838 211
2 339 821	2 953 129	2 701	1 094	551 390	442 029
182 339 662	161 810 616	17 228 531	15 725 179	51 311 078	48 396 182

STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Note	Optimal Fund		Global Optimal Fund of Funds	
		2023 R'000	2022 R'000	2023 R'000	2022 R'000
INVESTMENT INCOME		44 191	41 729	391	300
Dividends - Local		31 580	32 554	-	-
Dividends - Foreign		-	-	-	-
Dividends - Real estate investment trust income		1 191	1 106	-	-
Interest - Local		11 420	8 069	349	300
Interest - Foreign		-	-	42	-
Sundry income		-	-	-	-
OPERATING EXPENSES		9 345	9 673	154	101
Audit fee		192	125	74	48
Bank charges		48	58	23	14
Trustee fees		29	30	57	39
Management fee		9 076	9 460	-	-
PROFIT/(LOSS) BEFORE UNDISTRIBUTABLE INCOME ITEMS	1	34 846	32 056	237	199

ALLAN GRAY UNIT TRUSTS

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2023

	Optimal Fund		Global Optimal Fund of Funds	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
ASSETS				
Investments	754 503	866 674	1 179 970	1 299 635
Current assets	31 821	3 181	10 227	9 873
TOTAL ASSETS	786 324	869 855	1 190 197	1 309 508
LIABILITIES				
Current liabilities	17 415	21 183	216	261
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	768 909	848 672	1 189 981	1 309 247

Bond Fund		Money Market Fund		SA Equity Fund		Tax-Free Balanced Fund	
2023 R'000	2022 R'000	2023 R'000	2022 R'000	2023 R'000	2022 R'000	2023 R'000	2022 R'000
733 359	654 025	2 241 749	1 427 448	170 367	202 297	86 571	74 675
-	-	-	-	159 121	190 216	49 329	49 452
-	-	-	-	-	-	90	63
-	-	-	-	1 888	4 348	644	935
733 359	654 025	2 241 749	1 427 448	9 336	7 733	35 112	23 314
-	-	-	-	-	-	1 396	911
-	-	-	-	22	-	-	-
37 036	35 806	73 442	68 889	1 441	31 523	26 445	21 471
131	86	154	100	129	84	109	79
133	140	149	152	118	124	126	131
239	227	923	846	135	149	87	68
36 533	35 353	72 216	67 791	1 059	31 166	26 123	21 193
696 323	618 219	2 168 307	1 358 559	168 926	170 774	60 126	53 204

Bond Fund		Money Market Fund		SA Equity Fund		Tax-Free Balanced Fund	
2023 R'000	2022 R'000	2023 R'000	2022 R'000	2023 R'000	2022 R'000	2023 R'000	2022 R'000
7 688 351	7 132 934	28 314 035	25 389 368	3 998 671	4 922 768	2 754 705	2 159 140
11 194	10 859	19 570	31 979	22 020	21 499	8 895	7 795
7 699 545	7 143 793	28 333 605	25 421 347	4 020 691	4 944 267	2 763 600	2 166 935
201 087	173 978	215 105	153 223	97 555	130 262	37 167	39 351
7 498 458	6 969 815	28 118 500	25 268 124	3 923 136	4 814 005	2 726 433	2 127 584

1. Distribution schedules

	Note	2023 R'000	2022 R'000
ALLAN GRAY EQUITY FUND			
30 June			
Class A			
Cents per unit		128.4571	303.2238
Distribution paid - R		60 325	143 658
Class C			
Cents per unit		166.1461	346.8629
Distribution paid - R		53 215	116 635
Class X			
Cents per unit		660.8623	515.7775
Distribution paid - R		11 306	10 376
31 December			
Class A			
Cents per unit		366.6592	707.3119
Distribution paid - R		171 474	332 052
Class C			
Cents per unit		405.1307	729.7110
Distribution paid - R		124 833	238 642
Class X			
Cents per unit		767.7909	1 039.7574
Distribution paid - R		12 887	18 932
TOTAL DISTRIBUTION FOR THE YEAR		434 040	860 295
(Income)/expense on creation and cancellation of units		7 379	11 381
OPERATING PROFIT/(LOSS) BEFORE INCOME ADJUSTMENTS		441 419	871 676
ALLAN GRAY-ORBIS GLOBAL EQUITY FEEDER FUND			
31 December			
Class A			
Cents per unit		1.3302	0.6110
Distribution paid - R		3 152	1 561
TOTAL DISTRIBUTION FOR THE YEAR		3 152	1 561
(Income)/expense on creation and cancellation of units		88	37
OPERATING PROFIT/(LOSS) BEFORE INCOME ADJUSTMENTS		3 240	1 598

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2023

	Note	2023 R'000	2022 R'000
ALLAN GRAY BALANCED FUND			
30 June			
Class A			
Cents per unit		129.9463	107.1483
Distribution paid - R		742 827	596 374
Class C			
Cents per unit		141.7212	118.3704
Distribution paid - R		876 121	736 331
Class X			
Cents per unit		218.6458	180.6924
Distribution paid - R		116 605	90 772
31 December			
Class A			
Cents per unit		163.9386	215.3546
Distribution paid - R		935 367	1 205 823
Class C			
Cents per unit		175.8916	226.5817
Distribution paid - R		1 095 228	1 397 231
Class X			
Cents per unit		253.9572	299.6316
Distribution paid - R		144 728	153 539
TOTAL DISTRIBUTION FOR THE YEAR		3 910 876	4 180 070
(Income)/expense on creation and cancellation of units		9 298	31 305
OPERATING PROFIT/(LOSS) BEFORE INCOME ADJUSTMENTS		3 920 174	4 211 375
ALLAN GRAY-ORBIS GLOBAL BALANCED FEEDER FUND			
31 December			
Class A			
Cents per unit		1.0560	0.3579
Distribution paid - R		2 591	995
TOTAL DISTRIBUTION FOR THE YEAR		2 591	995
(Income)/expense on creation and cancellation of units		116	17
OPERATING PROFIT/(LOSS) BEFORE INCOME ADJUSTMENTS		2 707	1 012

1. Distribution schedules continued

	Note	2023 R'000	2022 R'000
ALLAN GRAY STABLE FUND			
31 March			
Class A			
Cents per unit		37.7005	25.7330
Distribution paid - R		215 863	144 419
Class C			
Cents per unit		39.6364	27.6167
Distribution paid - R		228 619	162 493
Class X			
Cents per unit		52.2518	39.8980
Distribution paid - R		18 269	15 341
30 June			
Class A			
Cents per unit		36.6206	31.7375
Distribution paid - R		210 508	179 000
Class C			
Cents per unit		38.5673	33.6218
Distribution paid - R		221 735	196 094
Class X			
Cents per unit		51.2480	45.9056
Distribution paid - R		19 016	20 515
30 September			
Class A			
Cents per unit		44.1534	58.4901
Distribution paid - R		251 533	330 923
Class C			
Cents per unit		46.1243	60.3752
Distribution paid - R		265 328	348 862
Class X			
Cents per unit		58.9332	72.6633
Distribution paid - R		22 520	28 061
31 December			
Class A			
Cents per unit		42.0767	31.6358
Distribution paid - R		238 036	180 273
Class C			
Cents per unit		44.0457	33.5255
Distribution paid - R		250 099	194 623

	Note	2023 R'000	2022 R'000
Class X			
Cents per unit		54.0673	45.8413
Distribution paid - R		21 285	15 929
TOTAL DISTRIBUTION FOR THE YEAR		1 962 811	1 816 533
(Income)/expense on creation and cancellation of units		10 837	9 725
OPERATING PROFIT/(LOSS) BEFORE INCOME ADJUSTMENTS		1 973 648	1 826 258

ALLAN GRAY OPTIMAL FUND

	Note	2023 R'000	2022 R'000
30 June			
Class A			
Cents per unit		44.7117	31.2181
Distribution paid - R		10 131	7 359
Class C			
Cents per unit		46.6833	33.2713
Distribution paid - R		6 832	4 085
31 December			
Class A			
Cents per unit		48.3060	54.2894
Distribution paid - R		10 536	12 641
Class C			
Cents per unit		50.2562	56.3374
Distribution paid - R		6 025	7 612
TOTAL DISTRIBUTION FOR THE YEAR		33 524	31 697
(Income)/expense on creation and cancellation of units		1 322	359
DISTRIBUTABLE PROFIT/(DEFICIT) FOR THE YEAR		34 846	32 056

ALLAN GRAY-ORBIS GLOBAL OPTIMAL FUND OF FUNDS

	Note	2023 R'000	2022 R'000
31 December			
Class A			
Cents per unit		0.3632	0.3832
Distribution paid - R		151	203
TOTAL DISTRIBUTION FOR THE YEAR		151	203
(Income)/expense on creation and cancellation of units		86	(4)
OPERATING PROFIT/(LOSS) BEFORE INCOME ADJUSTMENTS		237	199

1. Distribution schedules continued

	Note	2023 R'000	2022 R'000
ALLAN GRAY BOND FUND			
31 March			
Class A			
Cents per unit		24.7203	23.9256
Distribution paid - R		145 644	132 137
Class X			
Cents per unit		27.1291	26.3657
Distribution paid - R		13 669	6 412
30 June			
Class A			
Cents per unit		26.0679	24.5459
Distribution paid - R		158 310	139 872
Class X			
Cents per unit		28.4859	26.9851
Distribution paid - R		7 137	8 512
30 September			
Class A			
Cents per unit		25.7014	25.6894
Distribution paid - R		160 624	153 819
Class X			
Cents per unit		28.0920	28.1410
Distribution paid - R		16 856	12 891
31 December			
Class A			
Cents per unit		26.6398	25.0699
Distribution paid - R		164 622	154 901
Class X			
Cents per unit		29.0633	27.4624
Distribution paid - R		33 384	15 878
TOTAL DISTRIBUTION FOR THE YEAR		700 246	624 422
(Income)/expense on creation and cancellation of units		(3 923)	(6 203)
OPERATING PROFIT/(LOSS) BEFORE INCOME ADJUSTMENTS		696 323	618 219
ALLAN GRAY SA EQUITY FUND			
30 June			
Class A			
Cents per unit		874.8755	330.6436
Distribution paid - R		7 179	11 936

	Note	2023 R'000	2022 R'000
Class C			
Cents per unit		876.0567	587.3036
Distribution paid - R		5 870	5 022
Class X			
Cents per unit		876.3079	657.8831
Distribution paid - R		56 964	36 768
31 December			
Class A			
Cents per unit		949.6780	899.8108
Distribution paid - R		7 949	34 710
Class C			
Cents per unit		1034.4970	925.4519
Distribution paid - R		6 295	7 694
Class X			
Cents per unit		1057.0202	1314.4103
Distribution paid - R		76 761	85 501
TOTAL DISTRIBUTION FOR THE YEAR		161 018	181 631
(Income)/expense on creation and cancellation of units		7 908	(10 857)
OPERATING PROFIT/(LOSS) BEFORE INCOME ADJUSTMENTS		168 926	170 774

ALLAN GRAY TAX-FREE BALANCED FUND

30 June			
Class A			
Cents per unit		15.7833	11.9507
Distribution paid - R		22 845	14 944
Class C			
Cents per unit		17.0517	13.1538
Distribution paid - R		3 699	2 486
31 December			
Class A			
Cents per unit		19.8006	24.2736
Distribution paid - R		29 943	31 738
Class C			
Cents per unit		21.0884	25.4787
Distribution paid - R		4 866	5 073
TOTAL DISTRIBUTION FOR THE YEAR		61 353	54 241
(Income)/expense on creation and cancellation of units		(1 227)	(1 037)
OPERATING PROFIT/(LOSS) BEFORE INCOME ADJUSTMENTS		60 126	53 204

Allan Gray Money Market Fund

The Allan Gray Money Market Fund distributes on a daily basis. This distribution is paid over to unitholders on a monthly basis. These daily distribution details have not been disclosed on this note due to the frequency of the distributions. This information can be found on the Allan Gray website.

2. Shortfalls of distributable profits

There have been no transfers from the net assets attributable to unitholders to fund shortfalls in distributable profits in terms of the Funds' Trust Deed for the 2023 and 2022 financial periods.

TRUSTEES' REPORT ON THE ALLAN GRAY UNIT TRUST SCHEME

As Trustees to the Allan Gray Unit Trust Scheme ("the Scheme"), we are required in terms of the Collective Investment Schemes Control Act, 2002 (Act No. 45 of 2002) ("the Act") to report to participatory interest holders on the administration of the Scheme during each annual accounting period.

We advise for the period 1 January 2023 to 31 December 2023 we reasonably believe that the Manager has administered the Scheme in accordance with:

(i) the limitations imposed on the investment and borrowing powers of the manager by the Act; and

(ii) the provisions of the Act and the relevant deeds.

We confirm that according to the records available to us there were no material instances of compliance contraventions and therefore no consequent losses incurred by the Portfolios in the year.

Yours faithfully

Anton Rijntjes
Head Trustee Services
Rand Merchant Bank
A division of FirstRand Bank Limited

Marian Rutters
Trustee Services Manager
Rand Merchant Bank
A division of FirstRand Bank Limited

Johannesburg
12 February 2024

IMPORTANT NOTES FOR INVESTORS

Information and content

The information in and content of this publication are provided by Allan Gray as general information about the company and its products and services. Allan Gray does not guarantee the suitability or potential value of any information or particular investment source. The information provided is not intended to, nor does it constitute financial, tax, legal, investment or other advice. Before making any decision or taking any action regarding your finances, you should consult a qualified financial adviser. Nothing contained in this publication constitutes a solicitation, recommendation, endorsement or offer by Allan Gray; it is merely an invitation to do business.

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The Manager

Allan Gray Unit Trust Management (RF) (Pty) Ltd (the "Manager") is registered as a management company under the Collective Investment Schemes Control Act 45 of 2002, in terms of which it operates unit trust portfolios under the Allan Gray Unit Trust Scheme, and is supervised by the Financial Sector Conduct Authority (FSCA). The Manager is incorporated under the laws of South Africa and has been approved by the regulatory authority of Botswana to market its unit trusts in Botswana, however, it is not supervised or licensed in Botswana. Allan Gray (Pty) Ltd (the "Investment Manager"), an authorised financial services provider, is the appointed investment manager of the Manager and is a member of the Association for Savings & Investment South Africa (ASISA).

The trustee/custodian of the Allan Gray Unit Trust Scheme is Rand Merchant Bank, a division of FirstRand Bank Limited. The trustee/custodian can be contacted at RMB Custody and Trustee Services: Tel: +27 (0)11 301 6335 or www.rmb.co.za.

Performance

Collective investment schemes in securities (unit trusts or funds) are generally medium- to long-term investments. The value of units may go down as well as up and past performance is not necessarily a guide to future performance. Movements in exchange rates may also cause the value of underlying international investments to go up or down. The Manager does not provide any guarantee regarding the capital or the performance of the Funds. Performance figures are provided by the Investment Manager and are for lump sum investments with income distributions reinvested. Actual investor performance may differ as a result of the investment date, the date of reinvestment and applicable taxes.

Fund mandate

The Funds may be closed to new investments at any time in order to be managed according to their mandate. Unit trusts are traded at ruling prices and can engage in borrowing and scrip lending. The Funds may borrow up to 10% of their market value to bridge insufficient liquidity.

IMPORTANT NOTES FOR INVESTORS

Unit price

Unit trust prices are calculated on a net asset value basis, which is the total market value of all assets in the Fund including any income accruals and less any permissible deductions from the Fund, divided by the number of units in issue. Forward pricing is used and fund valuations take place at approximately 16:00 each business day. Purchase and redemption requests must be received by the Manager by 11:00 each business day for the Allan Gray Money Market Fund, and by 14:00 each business day for any other Allan Gray unit trust fund to receive that day's price. Unit trust prices are available daily on www.allangray.co.za.

Fees

Permissible deductions may include management fees, brokerage, securities transfer tax, auditor's fees, bank charges and trustee fees. A schedule of fees, charges and maximum commissions is available on request from Allan Gray. For more information about our annual management fees, refer to the frequently asked questions, available via the Allan Gray website.

Total expense ratios and transaction costs

The total expense ratio (TER) is the annualised percentage of the Fund's average assets under management that has been used to pay the Fund's actual expenses over the past one- and three-year periods. The TER includes the annual management fees that have been charged (both the fee at benchmark and any performance component charged), VAT and other expenses like audit and trustee fees. Transaction costs (including brokerage, securities transfer tax, Share Transactions Totally Electronic (STRATE) and FSCA Investor Protection Levy and VAT thereon) are shown separately. Transaction costs are necessary costs in administering the Fund and impact Fund returns. They should not be considered in isolation as returns may be impacted by many other factors over time, including market returns, the type of financial product, the investment decisions of the investment manager, and the TER. Since Fund returns are quoted after the deduction of these expenses, the TER and transaction costs should not be deducted again from published returns. As unit trust expenses vary, the current TER cannot be used as an indication of future TERs. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. Instead, when investing, the investment objective of the Fund should be aligned with the investor's objective and compared against the performance of the Fund. The TER and other funds' TERs should then be used to evaluate whether the Fund performance offers value for money. The sum of the TER and transaction costs is shown as the total investment charge (TIC).

The Allan Gray Money Market Fund is not a bank deposit account

The Fund aims to maintain a constant price of 100 cents per unit. The total return an investor receives is made up of interest received and any gain or loss made on instruments held by the Fund. While capital losses are unlikely, they can occur if, for example, one of the issuers of an instrument defaults. In this event, investors may lose some of their capital. To maintain a constant price of 100 cents per unit, investors' unit holdings will be reduced to the extent of such losses. The yield is calculated according to applicable ASISA standards. Excessive withdrawals from the Fund may place it under liquidity pressure; if this happens, withdrawals may be ring-fenced and managed over a period of time.

Purchase and redemption requests must be received by the Manager by 11:00 each business day to receive that day's price. Unit trust prices are available daily on www.allangray.co.za.

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IMPORTANT NOTES FOR INVESTORS

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Feeder fund

A feeder fund is a unit trust that invests in another single unit trust which charges its own fees. Allan Gray does not charge any additional fees in its feeder funds.

Fund of funds

A fund of funds is a unit trust that invests in other unit trusts, which charge their own fees. Allan Gray does not charge any additional fees in its fund of funds.

Yield

The Allan Gray Bond Fund yield is current, calculated as at month end.

Compliance with Regulation 28

The Allan Gray Balanced, Stable, Money Market, Tax-Free Balanced and Bond Fund are managed to comply with Regulation 28 of the Pension Funds Act. Exposures in excess of the limits will be corrected immediately, except where due to a change in the fair value or characteristic of an asset, e.g. market value fluctuations, in which case they will be corrected within the prescribed regulatory time period. The Manager does not monitor compliance by retirement funds with section 19(4) of the Pension Funds Act (item 6 of Table 1 to Regulation 28).

Communication with investors

Statements are sent to all unitholders on a quarterly basis. In addition, confirmations are sent on a transaction basis (excluding debit orders).

Copies of the audited annual financial statements of the Manager and of the unit trusts it manages are available, free of charge, on request by any investor.

Management Company

Allan Gray Unit Trust Management (RF) Proprietary Limited
Reg. No. 1998/007756/07
1 Silo Square V&A Waterfront Cape Town 8001

Contact details

1 Silo Square V&A Waterfront Cape Town 8001
P O Box 51605 V&A Waterfront Cape Town 8002 South Africa

Client Service Centre

Tel 0860 000 654 / +27 (0)21 415 2301
Email info@allangray.co.za
www.allangray.co.za

Adviser Service Centre

Tel 0860 000 653 / +27 (0)21 415 2690
Email ifa@allangray.co.za
www.allangray.co.za

Directors

Executive directors

T G Lamb	BBusSc (Hons) CA (SA) CFA
E C Van Zyl*	BSc (Eng) MBA MFin

Non-executive directors

V A Christian	BCom CA (SA) (Independent)
M Cooper	BBusSc FIA FASSA MBA
E D Loxton	BCom (Hons) MBA (Chairman)
B T Madikizela	BCom MCom (Int Acc) CA (SA) (Independent)
J W T Mort	BA LLB (Independent)

Company Secretary

C E Solomon BBusSc (Hons) CA (SA)

Details of the individual who supervised the preparation of the annual financial statements

T J W Molloy BCom (Hons) CA (SA)

Investment Manager

Allan Gray Proprietary Limited

Trustee

Rand Merchant Bank, a division of FirstRand Bank Limited
P O Box 786273 Sandton 2146 South Africa

Auditors

Ernst & Young Inc.

Allan Gray Proprietary Limited is a member of the
Association for Savings & Investment South Africa (ASISA)

*Resigned effective 31 January 2024